

S 47K 48

"Enabling Act"

8 April 1948

Statement of the Director of Central Intelligence
Before the House Armed Services Committee on
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8 April 1948

MEMORANDUM

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The Director and Mr. Pforzheimer appeared before Sub-Committee No. 3 of the House Armed Services Committee in connection with H.R. 5871. Present were Mr. Paul W. Shafer of Michigan, Mr. Lyndon Johnson of Texas, Mr. Leroy Johnson of California, Mr. Frank R. Havenner of California, and Mr. J. R. Blandford, counsel to the Sub-Committee. The hearing was in Executive Session with a reporter present except during those times when the discussion was off the record.

A point of discussion arose as to whether debate on the floor would not force out certain classified information regarding the matters for which this legislation seeks to provide and the suggestion was offered by Representative Lyndon Johnson substantially in the following terms:

"Notwithstanding any provisions of existing law the President, after approval of the Comptroller General, the Director of the Bureau of the Budget and the Chief of Staff to the President, is hereby authorized to exempt CIA from such advertising, purchasing, accounting, disbursing, contract or other provisions of present law which requirements of security may dictate."

(After discussion with Mr. Webb, the Director of the Bureau of the Budget, the Sub-Committee was informed that this proposed language was too broad and would protect nobody if enforced.)

The question of authority for the Director to issue visas up to fifty people per annum was considered, and the Sub-Committee ruled that it was too controversial to include in the present measure and that after the passage of H.R. 5871 it should be offered as a new bill.

After further discussions on the provisions of the bill, the Sub-Committee unanimously approved H.R. 5871 with certain textual changes suggested by the Director.

Walter L. Pforzheimer

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STATEMENT OF THE DIRECTOR OF CENTRAL
INTELLIGENCE BEFORE THE HOUSE ARMED
SERVICES COMMITTEE -- 8 APRIL 1948

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**STATEMENT OF THE DIRECTOR OF CENTRAL
INTELLIGENCE BEFORE THE HOUSE ARMED
SERVICES COMMITTEE -- 8 APRIL 1948**

Before entering into a detailed section by section analysis of the bill before you (H.R. 5871), a little general background might be of interest. On 22 January 1946, by Executive letter, the President of the United States established the Central Intelligence Group under the direction and control of the National Intelligence Authority. The Executive directive set forth the functions and the authority of the Group in some detail, and provided that the personnel of the Agency should be assigned to the Group from the personnel of the State, War and Navy Departments. The unworkable nature of this arrangement very quickly became apparent, for it was necessary for each of these departments to hire and place on its own roles for assignment to duty with CIG the

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personnel which the Group desired to utilize. It was not until well into the summer of 1946 that arrangements were made for the Group to hire personnel directly.

Budgetary problems also were very difficult to handle until an agreement was reached which established a working fund at the disposal of the Central Intelligence Group. The Executive letter and the manner of our administrative and logistical support were always considered to be of a temporary nature pending the passage of some form of unification legislation, such as had been initiated in 1945 and which was drafted to include a centralized intelligence organization.

All of the departments and agencies of the Government and particularly the Bureau of the Budget, the General Accounting Office and the State, War, Navy and Treasury Departments, were quick to realize the special administrative problems which arose in the administration and

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operations of an intelligence agency such as we were seeking to establish, and cooperated to the best of their abilities. Without this help and understanding, we would not be in business or so advanced today. In matters of administration, personnel, budget and fiscal we had in some measure the experiences of and the lessons learned from the Office of Strategic Services on which to fall back. These could in some measure serve as a precedent. Certain steps, however, which were taken by the Bureau of the Budget and the General Accounting Office, particularly in such fields as the use of unvouchered funds, were done with an understanding that at an appropriate time we would come forward with legislation to set up the administration of the Agency on a firm statutory basis. The understanding and helpfulness with which our needs were considered by Committees of both Houses of Congress, including the Appropriations Committees, made it possible for us to

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operate a service that is of the utmost necessity to the national security of the United States.

In January of 1947, a draft of a unification bill was agreed upon and submitted to the Congress. In conferences between my predecessor as Director of Central Intelligence, General Vandenberg, and the drafters of the bill (General Norstad representing the War Department and the Air Forces, Admiral Sherman representing the Navy and Mr. Murphy representing the White House) the text of the functions of the new Central Intelligence Agency and its position under the National Security Council were agreed upon virtually as they appear in Section 102 of the National Security Act of 1947 (Public Law 253 -- 80th Congress). During these conferences, very detailed proposals for the administration of the Central Intelligence Agency substantially in the language of H.R. 5871, now before you, were presented. However,

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it was felt that to place so much detail into an overall unification bill would unnecessarily burden the latter.

As a matter of fact, it was generally agreed that this present type of detailed legislation had no place in the broad terms of the unification act which was seeking to establish a general structure rather than to outline detailed procedures. Therefore, it was decided to omit from the unification bill the administrative provisions for the Central Intelligence Agency, except to provide for transfer to the new Agency of funds, records, personnel and property and the urgently desired right of the Director to terminate the employment of any officer or employee of the Agency, if in his discretion such termination is necessary in the interest of the United States. It was agreed that passage of the unification bill would be followed by detailed enabling legislation for the Agency and these facts were brought out in hearings in

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both the House and the Senate. An early draft in fact was shown to the House Committee on Expenditures when they were considering our section of the bill. With this background in mind, the Bureau of the Budget, the General Accounting Office and other departments of the Government have gone along with the special arrangements necessary to keep us in business and to help us develop the procedures we feel necessary in the development of a mature intelligence service for this country. It was thought, when we started back in 1946, that at least we would have time to develop this mature service over a period of years -- after all, the British, who possess the finest intelligence in the world, have been developing their system since the time of Queen Elizabeth. Unfortunately, the international situation has not allowed us the breathing space we all might have liked, and so, as we present this bill, we find ourselves in operations up to our necks,

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and we need the authorities contained herein as a matter of urgency.

Turning to the text of H.R. 5871 itself, it should be pointed out that the broad purposes which we are seeking to accomplish here are three in number. The first purpose is to extend to the Central Intelligence Agency certain provisions of the Armed Services Procurement Act of 1947 (Public Law 413 - 80th Congress), which has recently been enacted. This is requested on the basis of difficulties which have been experienced in supplying the peculiar needs of an intelligence service. When we arrive at those specific provisions in the bill, I will attempt to show by specific examples just what these problems are to justify the request for these authorities. It should only be noted here, however, that we are not requesting all of the provisions of the Procurement Act, but just those which we feel can be justified by the nature

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of our activities.

The second main purpose of this legislation is to further something which we continually seek to stress at the Agency, namely, that employment with this Agency should be considered in the light of a career service. Inasmuch as we are concerned with the coordination and production of foreign intelligence pertaining to the national security, there will be frequent need for overseas travel, overseas assignment and the establishment of overseas posts. It is felt that we have a problem similar to that faced by the Foreign Service of the State Department in the assignment of personnel to duty abroad, and therefore authorities similar to those granted in the Foreign Service Act of 1946 are necessary to the development of an intelligence career staff. It is not necessary to belabor the point that there is nothing more useless to us than to train carefully selected

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personnel in operations abroad or develop experts in the field of intelligence research and analysis only to have them depart to greener fields outside the Government or to other Government agencies after a short tour of duty with us. We wish to make an intelligence career one of distinction and honor, desirability and attractiveness.

The third major purpose of this bill is to include appropriations language in an effort to establish points of reference to which the administrative and fiscal officers of this Agency and other appropriate offices of the Government -- particularly the Bureau of the Budget and the General Accounting Office -- may look to determine what expenditures are authorized in the course of supporting the activities of the Agency. This is made necessary by the fact that all funds, whether vouchered or unvouchered, are not appropriated in the normal manner, and consequently their expenditure is not authorized by

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annual appropriation language. The greater portion of these sections pertains to activities necessary to the normal administration of the Agency, but for which money cannot be expended without specific authorization. These provisions authorize the spending of a portion of the money for confidential purposes where security would prohibit an audit.

The provisions proposed in this legislation are based on experiences in the field of intelligence during and since the war. Because of these experiences and the security aspects of intelligence generally, it was felt best to incorporate these administrative necessities in the one bill which appears before you.

Under date of 6 April 1948 we have been advised by the Bureau of the Budget that there would be no objection to our presenting this legislation for the consideration of the Congress. It has been strongly endorsed by the Comptroller General, The Honorable

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Lindsay C. Warren, to the Director of the Bureau of the Budget dated 12 March. In taking cognizance of the "much wider authority" granted under this bill than the Comptroller General would "ordinarily recommend for Government agencies generally", he stated that "the purposes sought to be obtained by the establishment of the Central Intelligence Agency are believed to be of such paramount importance as to justify the extraordinary measures proposed therein. . . . In an atomic age, where the act of an unfriendly power might, in a few short hours, destroy, or seriously damage the security, if not the existence of the nation itself, it becomes of vital importance to secure, in every practicable way, intelligence affecting its security. The necessity for secrecy in such matters is apparent and the Congress apparently recognized this fully in that it provided in section 102(d) 3 of Public Law 253, that the Director of Central

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Intelligence shall be responsible for protecting intelligence sources and methods from unauthorized disclosure.

Under these conditions, I do not feel called upon to object to the proposals advanced in sections 3, 6 and 7 of the act. Sections 1, 2, 8 and 9 of the act are largely ministerial and free from objection under the circumstances. Sections 4 and 5 are patterned closely to the provisions of the Foreign Service Act of 1946, (60 Stat. 999, and appear free from objection. . ."

The approval of the Civil Service Commission has also been obtained in a letter dated 10 March 1948 from the Commission Chairman, The Honorable Harry B. Mitchell, to the Bureau of the Budget.

I would like at this time to go into such detailed discussion of the sections of the bill as the Committee might presently desire.

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Section 1. (Page 1, line 4). DEFINITIONS. The definitions included in this proposed legislation are for the purpose of clarifying the meaning of certain terms in the succeeding sections. These are standard definitions in common use in many public laws already on the books.

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Section 2. (Page 2, line 8). SEAL OF OFFICE.

Statutory authority is needed to create a seal of office for the Agency. On several occasions members of this Agency, in contacting prospective sources of intelligence, have been embarrassed and even refused information due to the absence of proper credentials. This problem has been met by giving our contact men letters of introduction on Agency letterhead, personally signed by the Director. However, as recently as the 11th of March of this year we received an inquiry from a contact in the New England area making reference to this letter of introduction and requesting advice, first, as to the authenticity of the letter and, second, as to whether the bearer himself was entitled to the letter. We have found that most often the contact wishes to see either a pass or a document of introduction bearing the Agency's

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seal, for, as a general rule, when a properly embossed seal is presented, the question of authenticity does not seem to arise.

Experience has shown that intelligence records contain information that is required from time to time for official use either in other departments or as evidence

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Unless proper authentication of copies can be made, original documents have to be produced. The law provides (28 U.S.C. 661) that copies authenticated with the seal of an executive department will be recognized and accepted in

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evidence to the same extent as the original document. For these reasons we are therefore requesting the statutory authority to prepare and adopt a seal for this Agency.

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Section 3. (Page 2, line 13). PROCUREMENT AUTHORITIES.

We are seeking certain procurement authorities on the basis of difficulties which have been experienced in supplying the peculiar needs of an intelligence service. It was felt that the best way to procure these authorities would be to request that certain provisions of the Armed Services Procurement Act of 1947 (Public Law 413 - 80th Congress) be extended to Central Intelligence. By these means we would provide for exceptions to the normal requirements for advertising which have already been granted to the National Military Establishment and NACA by Public Law 413. Inasmuch as all of the authorities given in Public Law 413 are not required by CIA, those sections deemed appropriate and necessary to us have been incorporated by reference in Section 3(a) of H.R. 5871 before you. Sections 3(b), 3(c) and 3(d) of our bill are adaptations to CIA organization of general provisions

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dealing with delegations of authority. They follow as closely as possible the original form of Public Law 413.

As a general proposition it can be pointed out that certain of our items, such as special cameras, explosives, and communications equipment, are secret in nature or in the use to which put, and consequently advertising should not be used in their procurement. In contrast to normal Government procurement, some of our equipment should not be standardized but should be diversified in order to insure the security of individuals and establishments of the Agency. For example, if all our covert stations used identical typewriters bought in a lot with consecutive serial numbers, exposure of one office would endanger all.

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Section 3(a). (Page 2, line 15).

Section 3(a) of H.R. 5871 authorizes the extension to the Central Intelligence Agency of Section 2(c)(1) of the Armed Services Procurement Act of 1947. This section provides that purchases and contracts for supplies and services may be negotiated by the Agency head without advertising if it is determined to be necessary in the public interest during a period of a national emergency declared by the President or by the Congress.

In time of national emergency, intelligence operations would, with the Military Establishment, be the first activity to require expansion of a type to meet the crisis for which the emergency was declared. At such a time, plans for emergency operations (such as utilization and supplying of underground or resistance movements in over-run countries) would be implemented by actual expansion of the Agency's activities and the procurement necessary

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to their support. Previous experience of the Military Establishment and intelligence agencies, particularly in World War II, has shown that procurement on such an emergency basis must be done by negotiation. This is required by the need for utmost speed, need for adaptability to changing conditions, and limitations on sources of supply either through Government controls or shortages in such sources. Provisions of this section would give the Agency authority to negotiate under such emergency circumstances.

No such authority was in existence at the commencement of World War I and II. It was necessary for Congress to enact legislation conferring broad powers on the Executive and then for the Executive to implement these powers by Executive order (such as Executive Order 9001 and extensions thereof by further Executive orders). The

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time lost by these steps could be crucial under foreseeable contingencies in an atomic war. In addition to the general conditions set forth above requiring blanket authority to negotiate in times of national emergency, an intelligence service would have special considerations of security involved in operations peculiar to its assigned mission.

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Section 5(a) of H.R. 5871 authorizes the extension to the Central Intelligence Agency of Section 2(c)(2) of the Armed Services Procurement Act of 1947. This Section provides that purchases and contracts for supplies and services may be negotiated by the Agency head without advertising if the public exigency will not admit of the delay incident to advertising.

This is similar to the general exception provided for in Section 9(a) of Public Law 600 of the 79th Congress (an act to authorize certain administrative expenses in the Government service) which revised Section 3709 of the Revised Statutes regarding advertising. This Section has a long history in Government procurement and its exercise is controlled by well established principles. Its application to Central Intelligence is important where there are sudden urgent requests from overseas or where it

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would be very necessary in the course of operations

rapidly to implement Government policy.



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Section 3(a) of H.R. 5871 authorizes extension to the Central Intelligence Agency of Section 2(c)(3) of the Armed Services Procurement Act of 1947. This Section provides that purchases and contract for supplies and services may be negotiated by the Agency head without advertising if the aggregate amount involved does not exceed \$1,000.

This provision raises the normal exemption from \$100 to \$1,000. The lower limitation has caused the bulk of the procurement problems for Central Intelligence Agency in the past. A variety of items not available through normal procurement channels is required for the support of our activities. The bulk of this type of procurement falls below \$1,000 in the aggregate, but in large part exceeds \$100. Due to the inadequate sources of stock in supply resulting in large part from the emergency occasioned by World War II and the continuing increased inflationary cost of supplies and equipment of all types, the normal

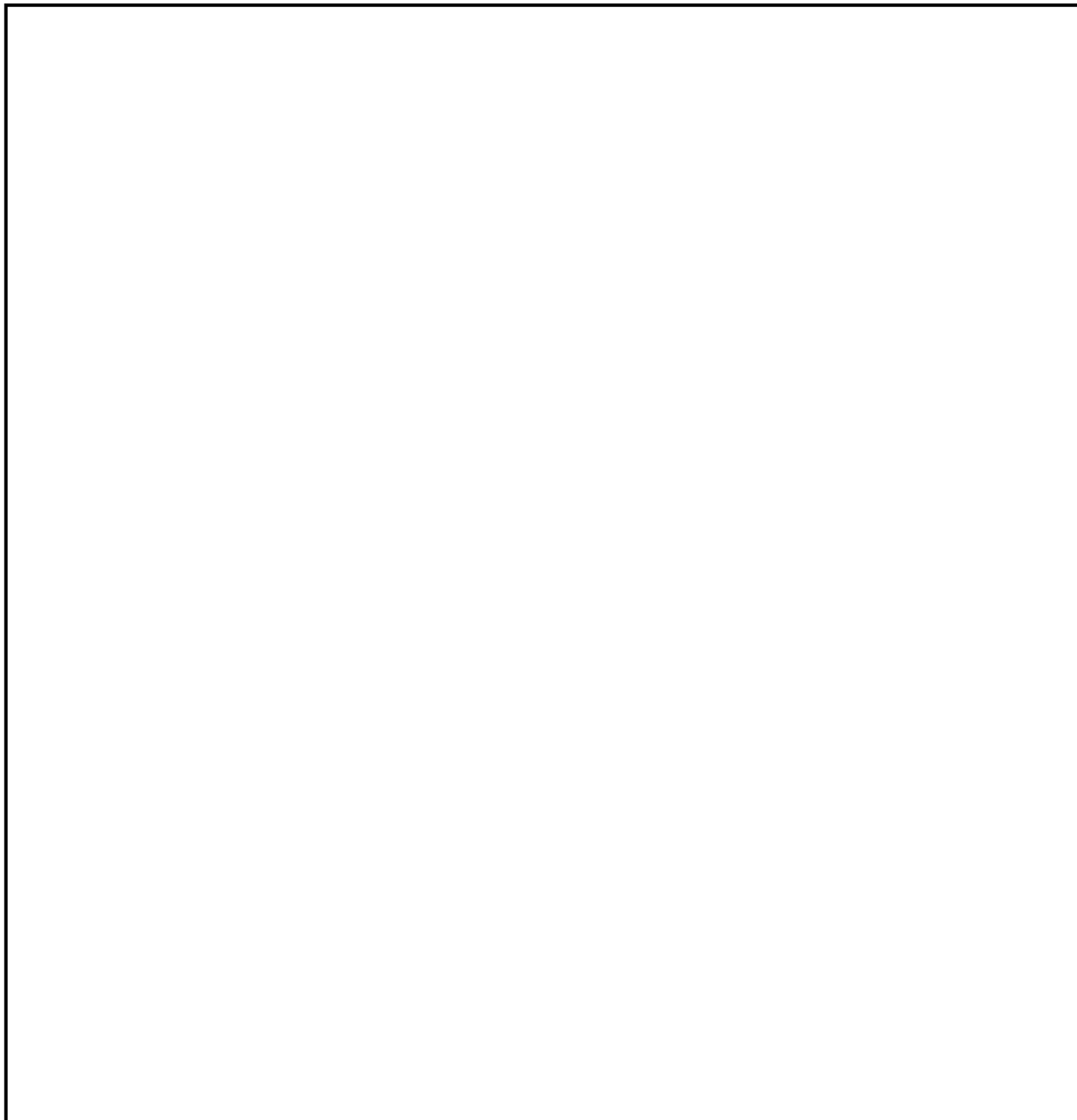
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day-to-day operations of the Agency are considerably handicapped without this authority since a large portion of our routine procurement transactions can no longer be met under the limitation of \$100 presently in effect.

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Extension of this provision to CIA will not mean that the Agency will not make checks in order to determine the fair market prices of material, but the delays and lack of security incident in advertising for some of these items will be curtailed. This will result in a considerable saving in manpower and administrative costs to us. There has been little indication that the advertising process used heretofore has resulted in any substantial saving to the Government, whereas the load of paper work involved in advertising and the resulting delays have definitely impaired the efficiency of Central Intelligence procurement as a whole.

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Section 3(a) of H.R. 5871 authorizes the extension to the Central Intelligence Agency of Section 2(c)(4) of the Armed Services Procurement Act of 1947. This Section provides that purchases and contracts for supplies and services may be negotiated by the Agency head without advertising for personal or professional services.

This Section is merely a clarification of existing authorities which have been recognized by interpretation of Section 3709 of the Revised Statutes regarding advertising, and Section 9 of Public Law 600.

This Section is needed by the Agency to allow for the employment of individual specialists and professional services in connection with research into various types of special intelligence equipment, such as machine records, communications and explosives, as well as research into special academic topics of interest to the Agency. For

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On certain types of research, particularly of an unclassified nature, the personnel required to perform these functions are not needed in a long range intelligence program, but rather for short range work. Therefore, it is not practical to engage them as CIA personnel. At other times, it is more practical for them to continue to work at home or in their colleges where their own materials are available. Furthermore, the work desired may be of such a nature that any connection between the Agency and the personnel involved should not be shown, and therefore such personnel should not be placed on the rolls as expert consultants. An example of an unclassified study being undertaken by a distinguished scholar

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under contract with Central Intelligence is one which was prepared on the political-psychological background of the U.S.S.R. It was a short range project which did not require access to highly

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in compilation of such material require expert interpretation. It is also necessary that the latest developments be gleaned from authorities in certain trades and professions. Such situation may frequently arise in the future which could be handled under this section of the law.

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Section 3(a) of H.R. 5871 authorizes the extension to the Central Intelligence Agency of Section 2(c)(5) of the Armed Services Procurement Act of 1947. This Section provides that purchases and contracts for supplies and services may be negotiated by the Agency head without advertising for any service to be rendered by any university, college or other educational institution.

This authority is requested in order that the facilities of certain educational institutions may be utilized in the preparation of basic unclassified research with respect to foreign countries and areas. Such subjects as transportation systems, customs, economic data and related matters could be the subject of many basic studies outside this Agency. Educational institutions could be used for trainee programs and a certain amount of library service over a continuing period.

An example of such service is the agreement

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Section 3(a) of H.R. 5871 authorizes the extension to the Central Intelligence Agency of Section 2(c)(6) of the Armed Services Procurement Act of 1947. This Section provides that purchases and contracts for supplies and services may be negotiated by the Agency head where the supplies or services are to be procured and used outside the limits of the United States and its possessions.

This provision is a recognition of the impracticability of giving extra-territorial effect to the advertising provisions of Revised Statute 3709, as amended. In most foreign countries it is impossible to comply with the provisions of Section 3709 for the reason that local firms and vendors are not familiar with United States Government contract and procurement procedure and, therefore, to attempt to require normal compliance with advertising requirements would seriously impede local operations.

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In many cases abroad, equipment or supplies of a specialized nature can be procured locally if direct contact and negotiations can be carried on with certain sources of supply. They can be procured locally in most instances more economically and expeditiously than if purchased in the United States particularly when the elements of time and cost of shipping are considered. In this category fall many items of supply or services which are needed abroad to give logistic support to

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All of these items can only be satisfactorily procured at most foreign locations if direct negotiation and contract can be made without recourse to advertising.

All types of housekeeping supplies and equipment and local office equipment are included within this provision.

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In certain foreign countries, attempts to advertise have merely published our needs to local suppliers who, not constrained by anti-trust legislation, have ganged up to boost the price and divide the proceeds.

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Section 3(a) of H.R. 5871 authorizes the extension to the Central Intelligence Agency of Section 2(e)(10) of the Armed Services Procurement Act of 1947. This Section provides that purchases and contracts for supplies and services may be negotiated by the Agency head for supplies or services for which it is impracticable to secure competition.

If special supplies or services have been satisfactorily procured from a known and trusted individual or firm over a considerable period of time, it is most desirable for reasons of security to refrain from permitting additional sources to have knowledge of the Agency's activities or the type of services or supplies being procured. It would therefore be most practicable to continue to use the same source of supply, since it would be obvious that the accomplishment and security of the Agency's objectives might be seriously impaired if

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any change in contractors or vendors were made. In this category would be included certain types of special operational supplies and equipment.

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earlier, and the Associated Press news coverage used by CIA headquarters in Washington are examples of services for which it is impracticable to secure competition. 25X1

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While this is self-evident in the case of [] and

[] use of the Associated Press service

is determined by our staff on the basis that AP supplies the best service and the best world-wide coverage for our purposes. Therefore it becomes impracticable to secure competition by advertisement from the other services. In addition, in this particular case, CIA is able to tie into the government-wide contract which is held by the Federal Bureau of Supply with the Associated Press.

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Section 3(a) of H.R. 5871 authorizes the extension to the Central Intelligence Agency of Section 2(e)(12) of the Armed Services Procurement Act of 1947. This Section provides that purchases and contracts for supplies and services may be negotiated by the Agency head for supplies or services as to which the Agency head determines that the character, ingredients or components thereof are such that the purchase or contract should not be publicly disclosed.

This is one of the most important provisions for CIA in view of the peculiar nature of some of our operational equipment and the confidential purposes to which it is put. Under this provision the Director would have authority to approve the procurement of special materials and equipment, through trusted sources. In such cases any public or unnecessary disclosure to unauthorized sources would be detrimental to the national interest.

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While this section tends to overlap some of the other sections previously discussed, the distinction is drawn that in sections discussed earlier, competition is considered merely impracticable, whereas in this section are included the cases where advertisement for certain types of equipment goes beyond impracticability to the point where public disclosure would seriously impair the workings of the Agency. It should be noted in this connection that the authority to approve under this section is non-delegable and must be exercised by the Agency head.

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Section 3(a) of H.R. 5871 authorizes the extension to the Central Intelligence Agency of Section 2(c)(15) of the Armed Services Procurement Act of 1947. This Section provides that purchases and contracts for supplies and services may be negotiated by the Agency head for supplies or services as to which the Agency head determines that the bid prices after advertising therefor are not reasonable or have not been independently arrived at in open competition.

This Section is a specific statement of a basic existing principle of Government procurement. In part it is aimed at the practice of collusive bidding.

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Section 3(a) of H.R. 5871 authorizes the extension to the Central Intelligence Agency of Section 2(c)(17) of the Armed Services Procurement Act of 1947. This Section provides that purchases and contracts for supplies and services may be negotiated by the Agency head where otherwise authorized by law.

This is a catchall provision to allow the Agency to avail itself of such special procurement provisions as may from time to time be specifically authorized under various statutes.

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Section 3(a) further requests the extension to this Agency of the provisions of Sections 3, 4, 5, 6 and 10 of the Armed Services Procurement Act of 1947. These sections respectively set forth the rules for advertising, state the type of contracts that can be made, provide for advance payments under certain circumstances, authorize remission by the Comptroller General of liquidating damages for delays on recommendation of the Agency head and provide for procurement by one Agency for another or for joint procurement.

They serve to set certain limitations on the provisions of contracts entered into under Section 2(c) of the Armed Services Procurement Act requested herein.

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Section 3(b) (page 2, line 19).

This Section defines the term "Agency head" as the Director, Deputy Director or Executive Director of Central Intelligence in the same manner as it is defined in Section 9 of the Armed Services Procurement Act, where "Agency head" is construed to mean the Secretary, Under-Secretary or any Assistant Secretary of the Armed Services.

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Section 3(c) (Page 2, line 23).

This Section provides for the delegation of procurement authorities by the Agency head to other responsible officials of the Agency in a manner similar to the provisions of Section 10 of the Armed Services Procurement Act.

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Section 3(d). (Page 3, line 8).

This Section provides that certain procurement authorities contained in the Armed Services Procurement Act shall be exercised only by the Agency head and shall not be delegable. Specifically, these are the authorities which provide for contracting without advertising for supplies or services as to which the Agency head determines that the character, ingredients or components thereof are such that the purchase or contract should not be publicly disclosed, (Sec. 2(c)(12)), and where the Agency head determines that the bid prices after advertising are not reasonable or have not been independently arrived at in open competition (Sec. 2(c)(15)).

In this connection, the distinction should be noted that in Section 2(c)(10) of the Armed Services Procurement Act the fact that it is impracticable to secure competition is a determination which can be made by appropriate

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contracting officials of the Agency, whereas in Section 2(c)(12) of that Act are included the cases where advertisement for certain types of equipment go beyond impracticability to the point where public disclosure would seriously impair the workings of the Agency. This latter decision is specifically reserved to the Agency head to make in the interest of national security.

This section of H.R. 5871 provides that such decisions shall be based on written findings which shall be maintained in the Agency for a period of 6 years following the date of determination. Included in these files are those determinations to be made under the provisions of Section 4 of the Armed Services Procurement Act which state the type of contracts that can be made and Section 5(a) of the Armed Services Procurement Act which provide for advance payments under certain conditions.

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Section 4. (Page 3, line 20). EDUCATION AND TRAINING.

The language of this section follows that of Sections 573(b) and 705 of the Foreign Service Act of 1946 (Public Law 724 -- 79th Congress).

One correction should be made in the text of Section 4(b) of H.R. 5871. The word "officials" on page 4, line 3 and page 4, line 6 should be stricken and the word "officers" should be substituted in each instance.

Section 4(a) (page 3, line 20) provides that any officer or employee of the Agency may be assigned or detailed for special instruction, research or training to specially designated types of educational and other institutions and organizations.

Section 4(b) (page 4, line 1) provides further that upon the assignment for schooling of an officer or employee of the Agency, under the provisions of Section 4(a), the

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Agency shall (under such regulations as the Director may prescribe) pay the tuition and other expenses of the officers and employees of the Agency assigned or detailed in accordance with provisions of sub-section 4(a), and in addition shall continue to pay the pay and allowances to which such officers or employees may be entitled, in accordance with their position with the Agency.

Specific authority would be needed if it were deemed appropriate to send employees of the Agency to a school within the National Military Establishment, such as the National War College. In a few highly selected cases it will be of great benefit to the Government, and the work of CIA in particular, if CIA is authorized to assign especially qualified personnel for courses of specialized

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University, and similar programs.

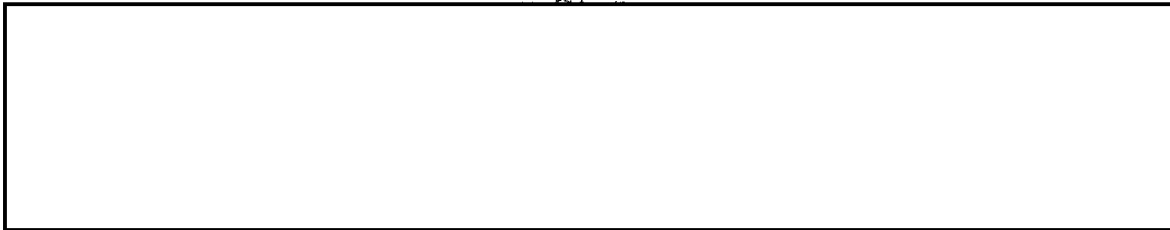
It will occasionally be beneficial to send new appointees and, in some cases, old employees who have

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For these purposes specific authorization is needed
on the law so that appropriated funds may be used.

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Section 5. (Page 4, line 8). TRAVEL, ALLOWANCES,
AND RELATED EXPENSES.

An intelligence service should be a career service, and a major purpose in proposing this legislation is to support this idea. Since we must assign personnel to duty abroad, we feel that we have a problem similar to that faced by the Foreign Service of the State Department. Therefore we are requesting certain authorities similar to those granted in the Foreign Service Act of 1946. We wish, in every way possible, to make an intelligence career not only one of great service but also one which will attract men and women of real ability.

The authorities asked in Section 5 of H.R. 5871 are designed especially to advance this concept of a career service and are based on the paramount concept of a professional service. We hope to develop a corps of

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trained personnel, many of whom may enter at or near the bottom of the ladder and advance by merit to positions of authority and responsibility within the service. The compensation should be sufficient to attract able men regardless of their possession or lack of large private means.

The authorities requested in Section 5(A) are maximum grants and are subject to such limiting regulations as the Director may prescribe. Such regulations will, in general, be patterned on those of the State Department. This is

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One correction should be made in the text of Section 5(A) of H.R. 5871. On page 4, line 9, the phrase "officers and" should be inserted between the words "its" and "employees".

The language of the sub-sections of Section 5 which follow has been taken verbatim from the appropriate sections of the Foreign Service Act of 1946 (Public Law 724 - 79th Congress).

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Section 5(A)(1)(a). (Page 4, line 12).

This Section is taken from Section 911(1) of the Foreign Service Act. It provides for the payment of the normal travel expenses of the Agency's employees while in travel status to and from their foreign stations, and expenses for travel incurred abroad in pursuance of their normal, official duties for the Agency.

While the payment of these official travel expenses can now be accomplished under present provisions of law and the Standardized Government Travel Regulations, the important feature of this section will allow the Agency to pay for travel expenses in connection with the granting of home leave to employees stationed abroad. (This provision will be discussed in detail in connection with Section 5(A)(2), discussed below).

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Section 5(A)(1)(b). (Page 4, line 17).

This section is taken from Section 911(2) of the Foreign Service Act. It provides for travel expenses of the employee's family accompanying him on authorized travel, including travel for statutory home leave.

It is felt that it would be in the best interest of the Government not to burden the employee with the expense of his family's transportation when he returns to the United States on statutory leave. Failing this provision, the employee would tend to take his leave at or near the country in which he is stationed in order that he might have his family with him during vacations.

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Section 5(A)(1)(c). (Page 4, line 23).

This Section is taken from Section 911(3) of the Foreign Service Act. It provides for payment of transporting an employee's household belongings from post to post and to his home on termination.

This is similar to the authority granted under Section 7 of Public Law 600, for movement overseas. In addition, however, this proposed Section provides for moves to successive foreign posts. Where Public Law 600 provides for expenses on return to the United States to the place of actual residence at the time of assignment to duty outside the United States, this provision, similar to that given the Foreign Service, provides for expenses on termination to the place where the employee will reside. In a career service, it is believed that this change is appropriate in fairness to the individuals concerned.

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Section 5(A)(1)(d). (Page 5, line 3).

This Section is taken from Section 911(4) of the Foreign Service Act. It provides a recognition of the practical situation occurring in times of emergency which forces the officer to be absent from his official station or to store his belongings elsewhere as a result of the performance of his assigned duties.

The storing of such furniture at the officer's expense, while he is absent through no fault of his own, sometimes constitutes a considerable hardship on the officer.

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Section 5(A)(1)(e). (Page 5, line 9).

This Section is taken from Section 911(5) of the Foreign Service Act. It provides for the difficulty in obtaining quarters immediately upon arrival at a foreign station by authorizing payment for storage of an officer's or employee's belongings for a period up to three months.

This Section provides recognition of the world-wide difficulty in obtaining quarters, which often renders it impossible for an officer or employee to find quarters for some time after assignment to a new post. This often makes it necessary for him to store his furniture during the interim. The expense to which an employee is thus put is inequitable when, at the same time he is paying high prices for hotel or furnished rooms. The regular overseas allowances are inadequate to reimburse such an additional expense. A maximum of three months is considered a reasonable time for him to secure quarters.

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Section 5(A)(1)(f). (Page 5, line 15).

This Section is taken from Section 911(7) of the Foreign Service Act. It provides recognition for the financial burden which an employee may suffer if it becomes necessary to move his family and household effects away from his post temporarily due to dangerous conditions.

Like the preceding section, it recognizes the burden which an employee may suffer due to dangerous conditions arising at his official post, which necessitates moving his household away temporarily or permanently through no fault of his own.

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Section 5(A)(2). (Page 5, line 25).

This Section is taken from Sections 931(b) and 933(b) of the Foreign Service Act. It provides for the granting of statutory leave in the United States after two years' foreign service. It allows the employee, while in this country on leave, to be assigned to temporary duty in the United States. It provides further that time spent awaiting transportation shall not be counted against leave.

Since Section 5(A)(2) was drafted the Comptroller General has suggested that it might be well to amend the first paragraph as follows: Eliminate from page 5, line 25 through page 6, line 4 and substitute the following language --

"Order to continental United States on leave provided for in 5 U.S.C. 30, 30a, 30b, or as such sections may hereafter be amended every officer and employee of the Agency who is a citizen of the United States, upon completion of two years' continuous service abroad, or as soon as possible thereafter, provided that such officer or employee has accrued to his credit at the time of such order, annual leave sufficient to carry him in a pay status while in the United States for at least 30 days."

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We feel that this limitation is reasonable and recommend this change.

In conjunction with Section 5(A)(1)(e), this section permits the Agency to assume the cost of returning the employee to this country for statutory leave, a cost which might in many instances be prohibitive for an employee to bear out of personal funds. In addition, it allows an employee to bring his family back to the United States with him on such leave. This is a tremendous morale factor.

Were these provisions not included, it is probable that many employees would take their leave abroad, whereas it is considered extremely important to have them return and renew their contacts with American affairs and keep in touch with friends and relatives in this country. This "re-Americanization" was a prime factor in the passage of this section of the Foreign Service Act in 1946. It will make a major contribution to the morale of the employees

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who look upon CIA as a life career. It is felt that this provision would contribute materially to the maintenance of the American point of view among CIA personnel and to the efficacy of their activities.

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Section 5(A)(2)(a). (Page 6, line 5).

This Section provides that the Agency may utilize the services of personnel returned on statutory leave, for periods of temporary duty in the United States, which duty shall not be counted against leave. This will enable the employee to receive additional training or reorientation prior to returning abroad. The statutory provision is necessary for if the period of reorientation or temporary duty should be equal to or longer than the period of leave, the General Accounting Office might conceivably construe the primary purpose of the return as temporary duty rather than leave. Under such a ruling, the transportation of the employee's family would not be authorized. This section serves to prevent any such possibility.

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Section 5(A)(2)(b). (Page 6, line 9).

This Section provides that the employee's leave of absence shall be exclusive of the time occupied in going to and from the continental United States or the time spent awaiting transportation. This merely takes into consideration the practical problem involved where transportation schedules are disrupted or delayed through no fault of the employee who should not be penalized leave time while awaiting transportation which has been delayed by weather or other causes beyond his control.

One change might well be made in this sub-section at page 6, line 14. The words "sailing or flight" should be deleted and the word "transportation" substituted. This would provide for necessary delay in all types of transportation, including rail.

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Section 5(A)(3). (Page 6, line 15).

This Section is taken from Section 913 of the Foreign Service Act. It provides for the payment of shipping expenses for private automobiles.

In order to clarify the reading of this section, it is suggested that the phrase "the Agency head" be substituted for the word "he" on page 6, line 18.

The expense here authorized does not come under the authority to pay for personal belongings and household goods. It is believed justified in a career service, although it is not normally authorized for Government employees. This section recognizes the fact that if you are transporting a career employee abroad together with his household and family, he should also have available to him a private automobile. In the majority of cases an employee without sizable private resources would not, or could not, support this additional expense. As in

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many public and private jobs in the United States, it would greatly facilitate the work of the office or the individual to have a private automobile at his disposal. The morale factor is also to be considered.

It should be noted that all payments made under the authority of this section will be in the discretion of the Agency head who may refuse to transport an automobile whenever he considers that the interests of the Government would not be advanced by such transportation.

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Section 5(A)(4). (Page 6, line 22).

This Section is taken from Sections 941, 942(a) and (b), and 943 of the Foreign Service Act. It provides for a health program for CIA employees overseas by permitting the payment of travel expenses to the nearest adequate facilities when local medical facilities are inadequate, for the establishment of a first aid station and the services of a nurse at a post where the number of personnel warrants such a station, payment for cost of treatment of illness or injury incurred in line of duty overseas, and for physical examinations and payment of the cost of administering inoculations or vaccinations.

The provisions of this Section, in establishing adequate health facilities abroad, are a considerable inducement to entry on an intelligence career service. If the authorities provided herein do not exist, individuals would not desire, nor could they be expected to perform, duties at distant or out of the way posts of duty abroad where

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adequate hospital and other medical facilities are not readily available. These provisions as a whole permit American citizens, located abroad, who have been recruited for this specialized type of work, to be given adequate health protection.

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Not only do these health provisions benefit the employee, but they also benefit the Government by insuring the best treatment for illness and by authorizing the establishment of a sound, preventive health program for employees who may be stationed in areas where infectious disease is endemic or epidemic or posts where climate or conditions impose additional hardships. In many such posts local medical facilities are hopelessly inadequate.

Personnel of CIA are located at stations throughout the world. Many of the stations are located in countries where adequate medical facilities are completely absent. The unsanitary conditions of some areas involved create an additional hazard. Thus the need for authority to transport individuals from their station where facilities are lacking to the nearest point where adequate treatment can be furnished is emphasized by the above conditions.

The importance of obtaining this Section is emphasized

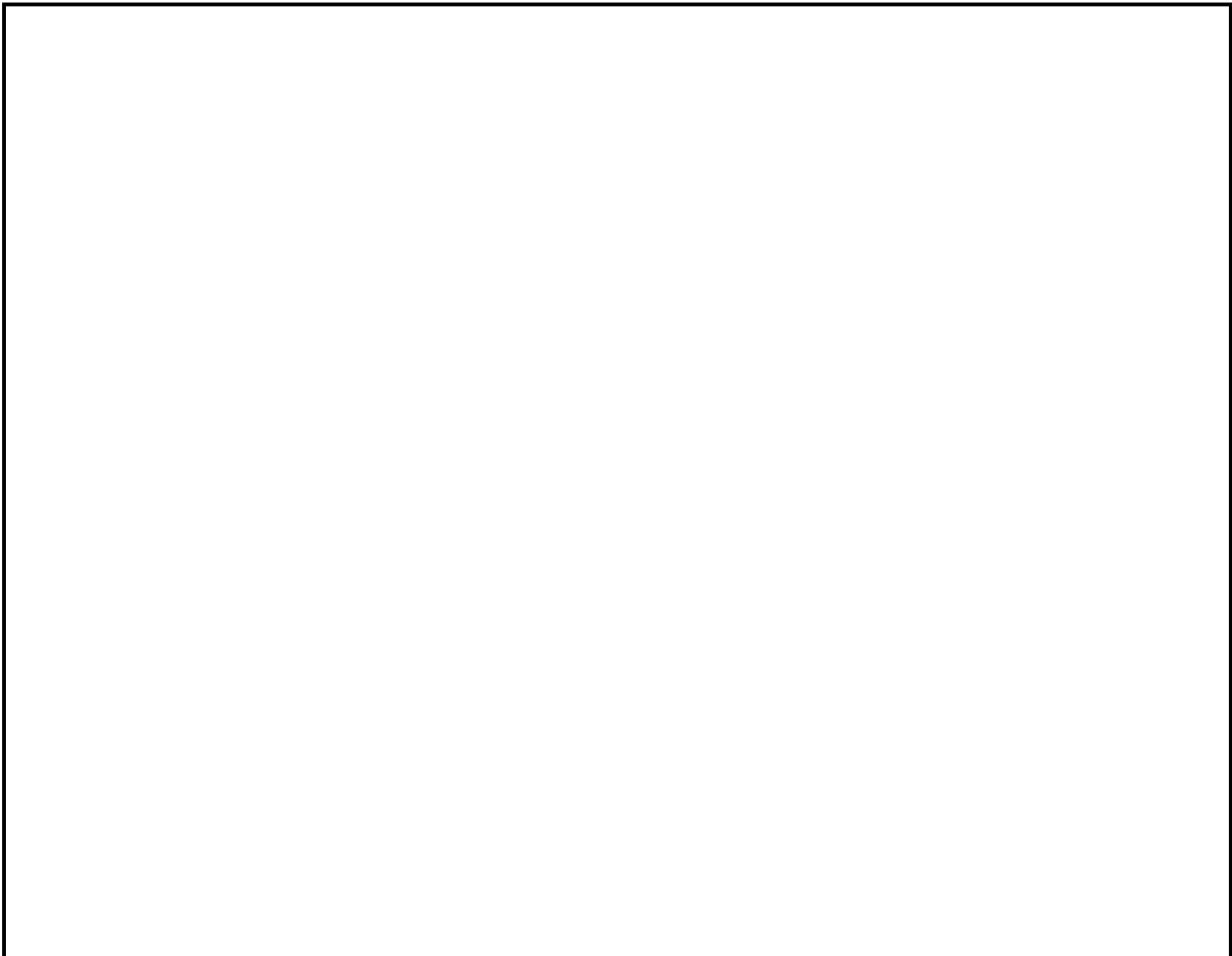
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by the fact that within the past month the Department of Commerce, in seeking permission to furnish emergency medical services to employees in out of the way places outside the United States without charge and on a non-reimbursable basis, was denied funds for this purpose. The following cases illustrate CIA's need for this authority, which is granted to the Foreign Service.

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Those cases requiring hospitalization of short duration should be handled entirely within the Agency due to the security aspects involved in attempting to process a claim to the Bureau of Employees' Compensation. The Bureau of Employees' Compensation, Federal Security Agency, has been entirely cooperative in working with the Central Intelligence Agency in an effort to preserve security.

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In many instances, however, it would not be possible to establish that the illness was compensable under their regulations. Those cases where permanent disability or death is involved will be processed through the Bureau by means of a special arrangement previously established.

It appears that it is the responsibility of the United States Government to give adequate protection to its employees who are placed in areas throughout the world where they are unable to secure adequate treatment and where the risks of disease are great. The expenses involved in getting such an individual to the nearest location where adequate facilities are available, and the treatment at such place, we believe, should be the responsibility of the United States Government.

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Section 5(B). (Page 8, line 1).

This Section is in accordance with Sections 901(1) and 901(2) of the Foreign Service Act of 1946. It provides for allowances similar to those given to Foreign Service officers and employees, including living quarters allowance, cost-of-living allowances, extraordinary expenses and others. These allowances are controlled by regulations prescribed by the President. Exception is sought from 5 U.S.C. 70, which prohibits allowances of this type unless authorized by law. It provides for allowances similar to those given to Foreign Service officers and employees but omits benefits given to the Foreign Service which are not thought applicable to CIA. One of those omitted provides for loan of furniture and household equipment owned by the Government under certain conditions, and another omitted provides for representation allowances to enable certain officers to maintain a

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standard of living necessary to support the prestige of the United States.

The allowances provided for in (B) are, first, living and quarters allowances for temporary periods, pending establishment of permanent residence overseas. This again recognizes world-wide housing difficulties and permits the Agency to keep such employees and their families on travel status until they are established, rather than have them dependent on the normal cost-of-living allowances for the post concerned. The second provides for cost-of-living allowances where expenses at a post are so high as to impair the morale and efficiency of the employees and, in some cases, to make life impossible on base salary alone. There are at present several posts where the recurrent basic expenses exceed, at least in the lower grades, salary of the employee, plus normal allowances established by

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law and regulation. Together with these general cost-of-living allowances, there is provision for extraordinary and necessary expenses not otherwise compensated for, which expenses are frequently met in unsettled periods or in localities where local law or custom impose burdens upon newly arrived individuals. Provision is also made for the establishment of separation allowances, where conditions require wife and minor children of an employee to live in a country other than that to which he is assigned. This burden of supporting two establishments is incident to performance of official duty and not due to any fault or act of the employee. It should be noted that these allowances in Section 5(B) are subject to regulations set by the President. It is felt that it would be appropriate to have those regulations which the President has prescribed for the State Department extended to include CIA.

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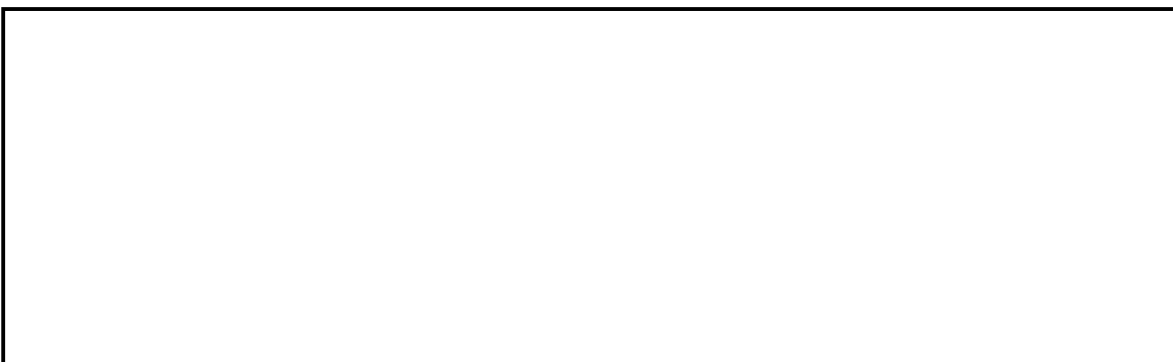
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The only satisfactory substitute for a truly secret appropriation that has so far been suggested is to earmark,



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by authorities given to CIA. Also, in conducting certain of its activities, CIA uses the facilities or personnel of other agencies. Reimbursement or payment in advance for such departmental cover is difficult to perform securely under present regulations.

It is felt that the proposed Section will eliminate the above-mentioned difficulties, while retaining sufficient control in the Director of the Bureau of the Budget to prevent abuse or improper supplementation of appropriations. In particular, it would greatly facilitate controls exercised by the budget and fiscal officers of CIA over disbursements and the audit by GAO of disbursements of vouchered funds, as it would divorce the funds spent by the Agency from their original appropriation acts and allow reference only to expenditure authorities contained in this act and the National Security Act of 1947.

Satisfactory arrangements have been made with the

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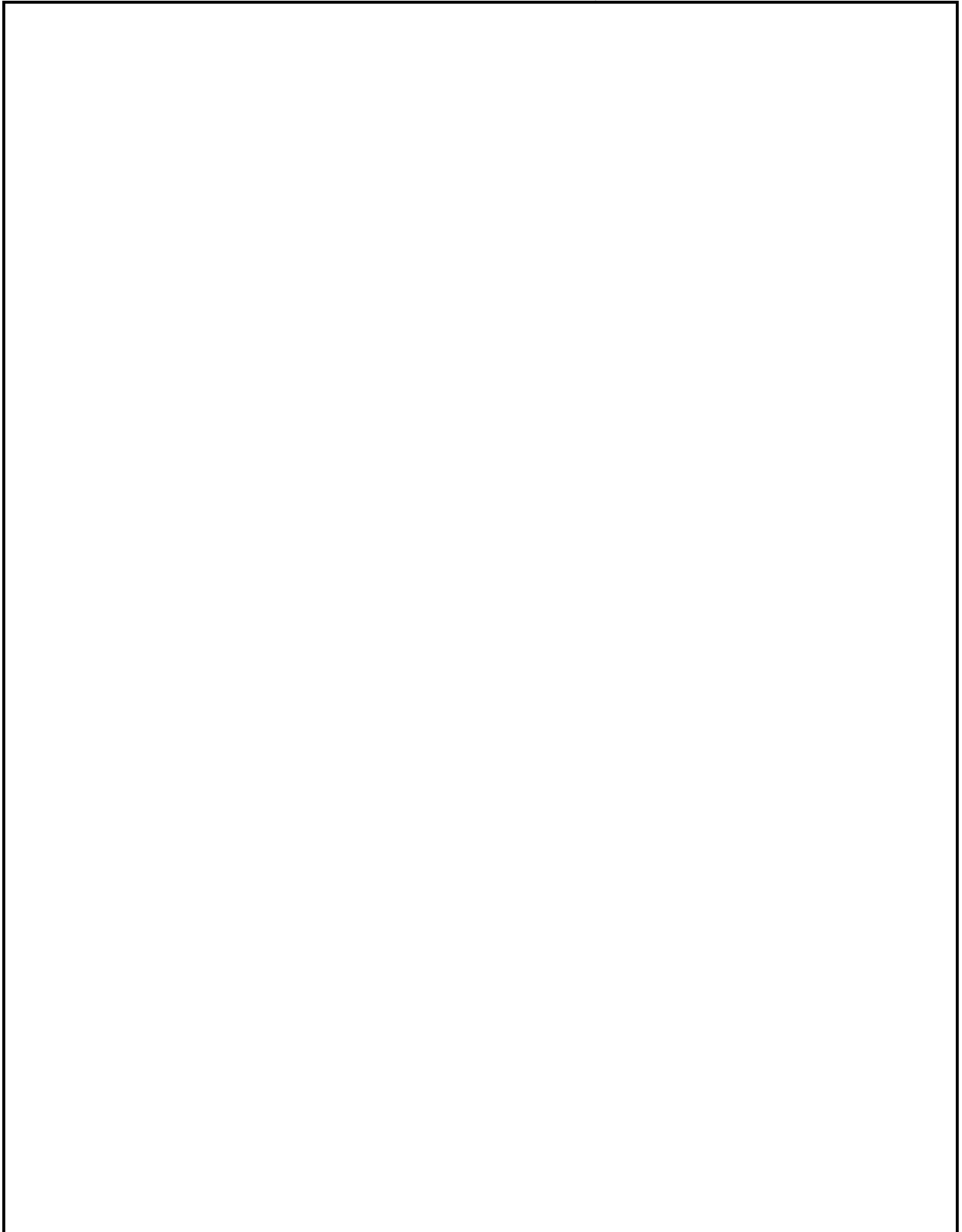
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General Accounting Office, Bureau of the Budget and the Treasury Department to provide for special processing of funds transferred and reimbursements for special transactions in coordination with other Government agencies. The authorities granted in Section 6(a) would provide the necessary authorization for the agencies concerned to effect these transfers or reimbursements without possible conflict with normal Government rules and regulations.

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over and operates certain sites for us in the interests of security.

As indicated above, this method of financing has the approval of the Comptroller General of the United States, who, in a letter dated 12 March 1948 to the Director of the Bureau of the Budget, stated that "the purposes sought to be obtained by the establishment of the Central Intelligence Agency are believed to be of such paramount importance as to justify the extraordinary measures" proposed in Section 6 of this bill.

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Section 6(b). (Page 8, line 24).

This Section provides for an exemption to the provision of law (Section 3651 Revised Statutes) that no exchange of funds shall be made by any disbursing officer or agent of the Government other than an exchange for gold, silver, United States Notes and National Bank Notes. That law further provides for the suspension and removal from office of any disbursing officer or agent who violates it. It is necessary to have the authorities granted in this Section in order to provide appropriately designated

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These functions cannot be performed under the restrictive provisions of Section 3651 of the Revised Statutes and therefore the general authority of Section 6(b) is requested.

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Section 6(c). (Page 9, line 1).

This Section authorizes other Government agencies to assign or detail any of their personnel to CIA and further authorizes CIA to reimburse for such services. In the performance of its functions, CIA has close relations with many other departments and agencies of the Government. There is often need for experienced personnel of other agencies to work directly with CIA in their specialist fields. Occasionally there is an urgent need for a highly qualified technician in any one of a number of fields to perform a mission under CIA direction. The simplest method to achieve this direction is by assignment of such personnel to CIA. Previous intelligence organizations have from time to time experienced difficulty in effecting such assignments or in reimbursing other departments where required.

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of the greatest secrecy to be carried out under OSS direction. The GPO was most cooperative and made the individual available. It was not until he had been working for some period of time that statutory restrictions on assignment of GPO personnel were discovered. It was most difficult to unravel the technicalities of this particular case and similar problems have arisen in reimbursing other Government agencies.

While under normal provisions of law CIA now has the authority to reimburse other Government agencies for services and personnel, nevertheless, certain exceptions could arise such as the [REDACTED] cited above, which could place limitations on the Agency's utilization of other Government personnel and this Section is designed to give such special authorities and eliminate the possibility of possible impairment of an operation at the crucial time.

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Section 6(d). (Page 9, line 7).

This Section authorizes official CIA couriers to carry firearms when engaged in the transportation of documents and materials which vitally affect the national defense and security.

A Federal statute is needed so that CIA couriers will not be subject to arrest in jurisdictions having local laws prohibiting the carrying of firearms. (For example, the Sullivan Law in New York prohibits the carrying of concealed weapons). Several instances have arisen where members of this Agency have been ordered on trips carrying Top Secret material, the loss of which would seriously impair the national security. We have been unable to allow them to carry firearms because of the absence of this statutory authority.

The Armed Services do not operate under these limitations, as they are able to send officer couriers

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who are authorized to carry arms. This Agency does not have the military personnel to allow the utilization of officers for this purpose.

Precedent for this Section is seen in previous statutes such as 5 U.S.C.A. 300a, which authorizes and empowers members of the FBI to carry firearms, and 18 U.S.C.A. 753k, which authorizes and empowers officers and employees of the Bureau of Prisons to carry firearms under such rules and regulations as the Attorney General may prescribe.

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Section 6(e). (Page 9, line 11).

This Section seeks exemptions from those provisions of the Economy Act of June 30, 1932 which permit no more than 25% of the first year's rental for leased property to be spent on permanent improvements and a further limitation of 15% of the fair market value as the ^{yearly} rental which may be paid.

The 15% and 25% figures permitted while normally helpful as exceptions to the general rule that appropriated funds may not be used for improvement of privately owned property, in many cases do not satisfy the peculiar needs of certain installations of this Agency.

Section 278(a) of Title 40, U. S. Code, permits no more than 25% of the first year's rental for leased property to be spent on permanent improvements. This limitation has, in the past, so limited CIA on improvements to leased facilities as to qualify the security of

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some installations. While certain alterations or special equipment, as necessary for special uses, may fall within exemptions to the limitations, others are questionable and have from time to time forced the use of temporary and inefficient substitutes. An exemption is, therefore, asked in cases where the Director will certify that the exemption is necessary to successful performance of the Agency's functions, or to the security of its activities.

With very rare exceptions, every installation of CIA must be surrounded by precautions adequate to afford

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tion. It is also frequently necessary to make alterations for installation of special equipment, or to facilitate efficient use of the premises.

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premises. The premises, as leased, did not afford adequate space for administration or the proper storage and protection of valuable communications equipment and records. In order to remedy this condition, CIA was required to procure and erect houses from the War Assets Administration, which houses were considered to be of a temporary nature. Inasmuch as the is designed for extended use, and one which has involved a considerable amount of expense, the type of structure added to the premises is not the most desirable, and considerable expense is required in conditioning the premises for the purposes intended. The ordinary rule is that if the structure remains the property of the Government and may be removed from the premises upon the expiration of the lease, it may be excepted from the

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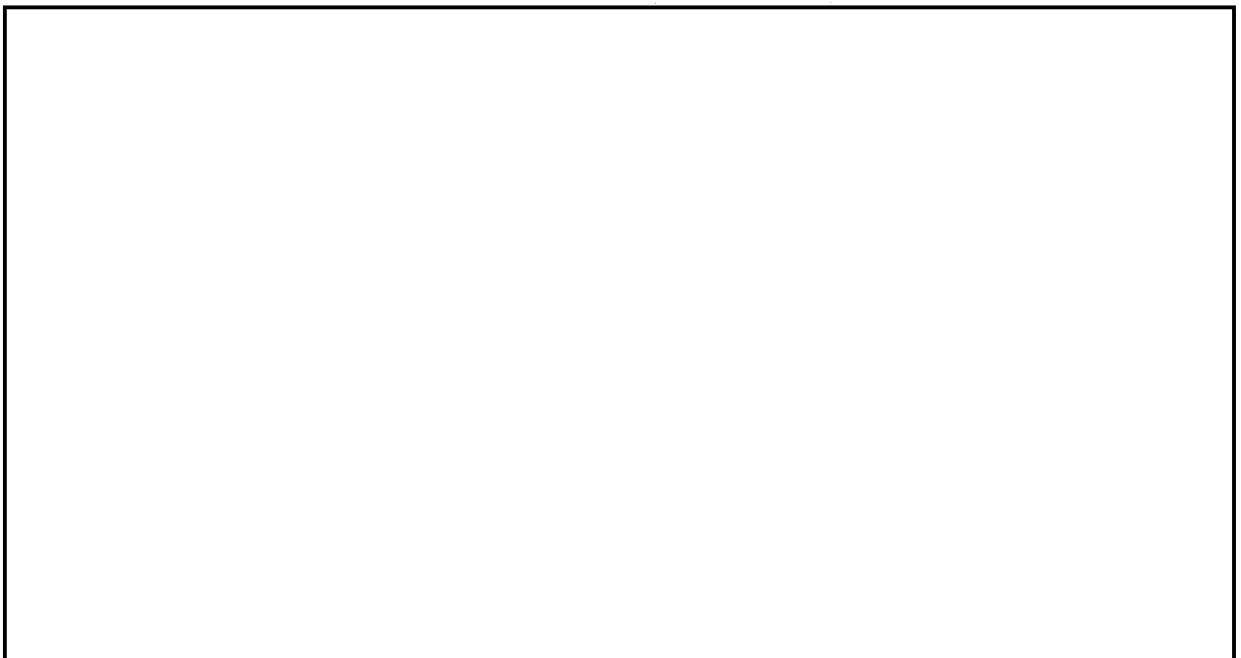
25% limitation of the Economy Act. However, the question is one of fact and, therefore, does not always provide an adequate standard for administrative determinations involving substantial sums of money. Such structures as portable pre-fabricated buildings are not adaptable to the monitoring activities of CIA and their use would seriously impair its functions.

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In seeking to obtain suitable space for a reproduction plant, this agency was, at one time, considering the

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Under the 25% limitation of the Economy Act, this agency was required to consider other less desirable alternatives.

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It is a security requirement of this agency that all regional activities be equipped with vaults. Inasmuch as the amount of space occupied in regional offices is small compared to the amount of money which must be expended to secure these regional activities, there is frequent difficulty in arriving at a suitable vault installation due to the fact that the equipment is not readily removable without destroying its usefulness or damaging the property. In these cases, the 25% limitation is reached at a very early period.

The same Section of Title 40, U. S. Code, contains a limitation on the amount of rental which may be paid by an agency. This limitation is stated as a maximum of

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East, despite the huge distances involved.

Locations in particular areas within limited spheres of activity are often desired and in order to obtain proper space and place it in condition for use a waiver from the requirement of the Act of June 30, 1932 is necessary.

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but because of the 15% limitation space elsewhere at a much less desirable location had to be secured.

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Section 6(f). (Page 9, line 19).

Exemption is sought from provisions of law (5 U.S.C. 654) which require the publication each year in the Official Register of the United States, or similar publications, of full and complete lists of all persons occupying administrative and supervisory positions in CIA, as well as their official titles, salaries and other data.

Under Section 102(d)(3) of the National Security Act of 1947 the Director of Central Intelligence is responsible for protecting intelligence sources and methods from unauthorized disclosure. It is an established fact that if it were possible to know the number of personnel or the size of the budget of an intelligence organization it would be relatively simple to ascertain its functions and the scope of its operations, particularly as the Official Register does give job titles. Therefore, for essential reasons of security, the Agency should be

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free of any legal requirement to publish this data in the Official Register of the United States or similar publications.

Similarly, exemption is sought from that section of the law (5 U.S.C. 947b) which provides that the Director of the Bureau of the Budget shall report quarterly to the Congress the Agency's personnel ceilings for the quarter. This report is also required to show the net increase or decrease in Agency personnel for the period. This proposal does not in any way alter the requirement that the Director of the Bureau of the Budget fix quarterly ceilings for CIA, but merely relieves him of the requirement to report this figure to the Congress, which report would result in the publication of such figure to the detriment of the security of the United States, as indicated above.

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the limitations of specific appropriations and the actual obligation and expenditure of funds. This Section, read together with Section 6(a), would clearly establish that, no matter how funds are made available to the Agency, they lose their identity as part of the original appropriation and are no longer bound by the limitations of the Section in which originally contained. They may, therefore, be expended by CIA under the provisions of Section 7(a) and also under certain other specific authorizations contained in previous sections of this proposed legislation.

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Section 7(a)(1). (Page 10, line 18).

The majority of the provisions of this sub-section pertain to activities necessary to the normal administration of CIA, but for which money cannot be expended without specific appropriation authorization. Hence, personal services includes employment of aliens which has for a period of years been permitted only on a very limited basis by specific authority contained in various appropriation acts.

Many of the provisions of this sub-section are routine and self-explanatory, such as rent, the return and interment of employees who die abroad in the performance of their official duties, penalty mail, payment of claims under the Federal Tort Claims Act and the maintenance of buildings and facilities. Allowance is made for a health service program as authorized by 5 U.S.C. 150, which provides that such a program may be established within the

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limits of appropriations after consultation with the Public Health Service and limited to treatments of on-the-job illness and dental conditions requiring emergency attention, pre-employment and other examinations, referral of employees to private physicians and dentists, and preventive programs relating to health. The authority for the payment for rental of new reporting services, both here and abroad, is necessary. As stated earlier, the Agency

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Another purpose for which funds may be appropriated is travel and expenses incident to attendance at professional, technical and scientific meetings where such attendance would be of benefit to the work of the Agency. In this connection it should be noted that such travel shall be subject to policies established by the Director in order to assure that the attendance at such meetings

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will be beneficial to the Agency and not be in the nature of a vacation or junket at the Agency's expense.

Appropriations for association and library dues is desired particularly in connection with the Agency's Reference Center. It has been found that many valuable books and periodicals which are in the nature of necessary tools in our work are published by organizations who make such publications available only to their membership. Often these publications are available in this manner at so considerable a discount that the membership fee in the organization is recovered by the saving in the purchase of one publication. Examples of typical organizations in which membership might be helpful are the American

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information to be obtained ranges from production of raw materials through political analysis, scientific research in foreign areas, new methods and techniques for handling, cataloguing and otherwise processing documentary information, etc. The type of information to be obtained through these memberships will be directly related to the needs of operational and research staffs in the Agency.

Other provisions of this sub-section are particularly essential to CIA activities such as all sorts of communications equipment, transportation items and reproduction equipment.

Security requires the Agency to do a certain amount of its own printing and binding. The security which requires arming of couriers under Section 6(d) of this Act also requires authority to purchase and maintain firearms in this appropriation sub-section.

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Section 7(b). (Page 11, line 21).

This Section enables the Agency, with the approval of the Bureau of the Budget, to expend certain sums without regard to provisions of law and Government regulations relating to expenditures and to expend certain portions of their funds solely on the certificate of the Director for objects of a confidential, extraordinary or emergency nature.

In practice, it is felt that the Agency would draw up its overall budget, and the Director, with the advice of his staff, would determine what proportion could be expended as normal vouchered funds under authorities contained in the foregoing sections. The remainder of the funds required would then be available for expenditure under Section 7(b). Within this amount, the Director would determine that a certain proportion would be for confidential purposes, which would be accounted for solely on his certificate.

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These confidential funds would be available for expenditure for all purposes necessary in the conduct of confidential activities of the Agency, subject to regulations prescribed by the Director. These regulations will be based, in general, on the foregoing authorities. The proportions ascertained by the Director would have to be approved by the National Security Council before submission to the Bureau of the Budget and Congress.

There is a definite need for the utilization of funds without regard to the provisions of laws and regulations relating to the expenditure of Government funds, although normal Government procedures insofar as accounting requirements are concerned can be followed. In these cases, security is not of primary importance.

In the conduct of our activities it is impossible to determine from time to time, or in advance, when a situation

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will arise where the exercise of such powers in the expenditure of Government funds may be required. In many instances the need for conforming with local customs in foreign countries, including the making of advance payments, will require the use of this authority. The numerous restrictive statutes which are applicable often handicap what should be considered as the normal intelligence operations of CIA. Situations may, as heretofore, arise where, in order to recruit specially qualified personnel for intelligence activities, it will be necessary to pay travel expenses of a limited number of new employees. It is sometimes impractical to obtain required waivers from the Government Printing Office and the Bureau of Federal Supply, due to the need for immediate action.

The purchase of certain types of equipment which would be otherwise prohibited by law, may be required in order to refrain from impairing the Agency's operations.

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Among the type of items or services which could be procured under this authority with appropriate explanation or justi-



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supplies or services which would not be required to be paid from unvouchered funds under the authority provided in Section 7(b)(2).

As indicated above, the utilization of this type of fund to avoid conforming with the laws and regulations pertinent to these matters would be used only when properly

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justified on the basis of the expediency involved, thus eliminating the need for using the funds made available under Section 7(b)(2). With the authority to use this type of fund, no deviation from normal accounting procedures and regulations would be required. It is intended that all vouchers covering such expenditures would be supported by administrative justifications explaining the reasons why regular funds could not be used.

In contrast to the preceding paragraphs concerning Section 7(b)(1) which refer to the expenditure of sums without regard to provisions of laws and regulations relating to the expenditure of Government funds, the sums expended under paragraph 7(b)(2) for objects of a confidential, extraordinary or emergency nature are accounted for solely on the certificate of the Director.

In view of the nature of the work which must be conducted by the CIA under the National Security Act and

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applicable Directives of the National Security Council, it is necessary to use funds for various covert or semi-covert operations and other purposes where it is either impossible to conform with existing Government procedures and regulations or conformance therewith would materially injure the national security. It is not practicable, and in some cases impossible, from either a record or security viewpoint, to maintain the information and data which would be required under usual Government procedures or regulations. In many instances, it is necessary to make specific payments or reimbursements on a project basis where the background information is of such a sensitive nature from a security viewpoint that only a general certificate, signed by the Director of CIA, should be processed through even restricted channels. To do otherwise would obviously increase the possibilities of penetration with respect to any specific activity or general project. The nature of the activities of CIA are

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such that items of this nature are recurring and, while in some instances the confidential or secret aspects as such may not be of primary importance, the extraordinary situations or the exigencies of the particular transactions involved warrant the avoidance of all normal channels and procedures.

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| 80TH CONGRESS } 2d Session } | HOUSE OF REPRESENTATIVES | } REPORT No. 1853 |
|---------------------------------|--------------------------|----------------------|

CENTRAL INTELLIGENCE ACT OF 1948

MAY 4, 1948.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. SHAFER, from the Committee on Armed Services, submitted the following

REPORT

[To accompany H. R. 5871]

The Committee on Armed Services, to whom was referred the bill (H. R. 5871) to provide for the administration of the Central Intelligence Agency, established pursuant to section 102, National Security Act of 1947, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendments are as follows:

On page 4, line 3, strike out the word "officials" and insert in lieu thereof the word "officers".

On page 4, line 6, strike out the word "officials" and insert in lieu thereof the word "officers".

On page 4, line 9, after the word "its" add the words "officers and".

On page 5, strike out line 25 and on page 26 strike out lines 1 through 4, inclusive, and substitute in lieu thereof the following:

(2) Order to the continental United States on leave provided for in 5 U. S. C. 30, 30a, 30b, or as such sections may hereafter be amended, every officer and employee of the Agency who is a citizen of the United States, upon completion of two years' continuous service abroad, or as soon as possible thereafter: *Provided*, That such officer or employee has accrued to his credit at the time of such order, annual leave sufficient to carry him in a pay status while in the United States for at least a 30-day period.

On page 6, line 14, strike out the words "sailing or flight" and insert in lieu thereof the word "transportation".

On page 6, line 18, strike out the word "he" and insert in lieu thereof the words "the Agency head".

The purpose of the proposed legislation is to grant to the Central Intelligence Agency the authority necessary for its proper administration. The proposed legislation deals with procurement, travel, allowances and related expenses, general authorities and appropriations.

The operation of the Central Intelligence Agency must of necessity be highly confidential. The proposed legislation aids the Agency in its administration by granting necessary authorities. In addition it protects the confidential nature of the Agency's functions. In almost all instances the powers and authorities contained in the proposed legislation exist for some other branch of the Government and the bill merely extends to the Central Intelligence Agency similar authority.

Section 1 of the bill defines the terms used in the proposed act.

Section 2 requires the Director to create a seal of office and provides for its judicial notice.

Section 3 provides for the extension to the Central Intelligence Agency of certain provisions of the Armed Services Procurement Act of 1947. Under the proposed legislation the Central Intelligence Agency may negotiate for purchases and contracts for supplies without advertising if (a) there is a national emergency, (b) the public exigency would not admit a delay, (c) the aggregate amount does not exceed \$1,000, (d) if it is for personal or professional services, (e) or for services to be rendered by universities, colleges, or other educational institutions, (f) if supplies or services are to be procured and used outside the United States, (g) for supplies or services for which it is impracticable to secure competition, (h) for supplies or services the nature of which should not be publicly disclosed, (i) for supplies when the bid prices are not reasonable or have not been independently arrived at, and (j) for such procurement otherwise authorized by law. In addition, other provisions of the Armed Services Procurement Act which set forth the rules for advertising, the types of contracts that can be made, permitting advance payment under certain circumstances, for liquidating damages, and for joint procurement, are extended to the Central Intelligence Agency. The remainder of the section defines the "agency head", and provides for the delegation of procurement authority and further provides that certain procurement authorities shall only be exercised by the agency head and may not be delegated.

Section 4 permits the Director to provide for special instruction or training for Agency personnel. It also provides for the payment of the expenses involved. This language is similar to that contained in the Foreign Service Act of 1946.

Section 5 provides for travel, allowances, and related expenses for Agency personnel assigned to permanent duty stations outside the United States.

Section 6a provides for the annual financing of the Central Intelligence Agency.

Section 6b excepts the Central Intelligence Agency from the provisions of law which prohibit the exchange of funds by any disbursing officer other than for silver, gold, United States notes, and national bank notes.

Section 6c provides for the assignment of personnel of other Government agencies to the Central Intelligence Agency, and for reimbursement for such service.

Section 6d authorizes the official couriers of the Central Intelligence Agency to carry firearms.

Section 6e exempts the Central Intelligence Agency from existing limitations which permit no more than 25 percent of the first year's rental for leased property to be spent on permanent improvements.

CENTRAL INTELLIGENCE ACT OF 1948

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It also exempts the Agency from the existing limitation of 15 percent per annum of the fair market value as a rental which may be paid.

Section 6h exempts the agency from the requirements of the existing law pertaining to the publication of the Official Register of the United States.

Section 7 provides for appropriations and enables the spending of a portion of the Agency's funds to be accounted for solely by certification of the Director.

Sections 8 and 9 provide for the usual separability and a short title.

The proposed legislation was amended in several instances in order to clarify the language used. In addition, an amendment was added which requires that any Agency employee or officer have to his credit at the time he is ordered to the United States on leave, accrued annual leave sufficient to carry him in a pay status while in the United States for at least a 30-day period. This will avoid any unnecessary expense in returning to the United States employees who might be totally without accrued leave or whose leave in the United States would be so brief as not to warrant the expenses involved. The original language did not make this provision.

The proposed legislation has been carefully considered. The hearings were conducted in executive session because of the nature of the functions of the Central Intelligence Agency. The Committee on Armed Services is satisfied that all provisions of the proposed legislation are justified and necessary and strongly recommend its passage by the House.

The proposed legislation has been approved by the Bureau of the Budget and recommended by the Director of the Central Intelligence Agency as indicated by the attached letter which is hereby made a part of this report.

CENTRAL INTELLIGENCE AGENCY,
March 13, 1948.

The Honorable JOSEPH W. MARTIN, Jr.,
Speaker of the House of Representatives,
Washington 25, D. C.

DEAR MR. SPEAKER: There is submitted herewith the draft of a proposed bill to provide for the administration of the Central Intelligence Agency, established pursuant to section 102, National Security Act of 1947, and for other purposes.

The primary purpose of this legislation is to provide authorities necessary for the administration of the Central Intelligence Agency. The basic provisions cover the Agency's problems of procurement; travel, allowances and related expenses; general authorities; and appropriations language.

It is provided in section 3 that certain provisions of the Armed Services Procurement Act of 1947 (Public Law 413, 80th Cong.) be extended to the Agency. This is requested on the basis of difficulties which have been experienced in supplying the peculiar needs of an intelligence service.

Inasmuch as the Central Intelligence Agency is concerned with the coordination and production of foreign intelligence pertaining to the national security, there will be frequent need for overseas travel, occasional overseas assignment, and, in certain cases, the establishment of overseas posts. In the light of our desire that employment in the Central Intelligence Agency be regarded as a career service, it is felt that the Agency has a problem similar to that faced by the Foreign Service in the assignment of personnel to duty abroad, and authorities similar to those granted in the Foreign Service Act of 1946 are necessary to the development of an intelligence career staff (sec. 5).

Certain general authorities have been requested in section 6 which are believed necessary to facilitate the financing of the Agency, together with additional author-

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CENTRAL INTELLIGENCE ACT OF 1948

ites which are requested on the basis of experience in intelligence activities during the war and since the establishment of Central Intelligence in 1946. Additional general authorities are sought in the interests of the security of the national intelligence mission and in furtherance of section 102 (d) (3) of the National Security Act of 1947 which provides that the Director of Central Intelligence be responsible for protecting intelligence sources and methods from unauthorized disclosure.

Section 7, containing appropriations language, is included in an effort to establish a point of reference to which the administrative and fiscal officers of the Agency and other appropriate officers of the Government may look to determine what expenditures are authorized in the course of supporting the activities of the Agency. The greater part of this section pertains to activities necessary to the normal administration of the Agency, but for which money cannot be expended without specific authorization. This section further provides authorization for the spending of a portion of the money made available to the Agency for confidential purposes where security would prohibit an audit. To achieve this, it is felt necessary to authorize specifically the expenditure of funds for confidential purposes to which the Director of Central Intelligence will certify, and his certification will be a full accounting for such expenditures.

As stated above, the provisions proposed in this legislation are based on experiences in the field of intelligence during the last 5 years. Because of this experience and the security aspects of intelligence generally, it was felt best to incorporate these administrative necessities in one bill.

The Central Intelligence Agency has been advised by the Bureau of the Budget that it has no objection to the submission of this bill to the Congress in its present form.

Sincerely yours,

R. H. HILLENKOETTER,
Rear Admiral, United States Navy,
Director of Central Intelligence.

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80TH CONGRESS
2D SESSION

S. 2688

[Report No. 1302]

23

IN THE SENATE OF THE UNITED STATES

MAY 17 (legislative day, MAY 10), 1948

Mr. SALTONSTALL, from the Committee on Armed Services, reported the following bill; which was read twice and ordered to be placed on the calendar

A BILL

To provide for the administration of the Central Intelligence Agency, established pursuant to section 102, National Security Act of 1947, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

DEFINITIONS

4 SECTION 1. That when used in this Act, the term—

5 (a) "Agency" means the Central Intelligence Agency;

6 (b) "Director" means the Director of Central Intelli-
7 gence;

(c) "Government agency" means any executive department, commission, council, independent establishment, corporation wholly or partly owned by the United States

1 which is an instrumentality of the United States, board,
2 bureau, division, service, office, officer, authority, administra-
3 tion, or other establishment, in the executive branch of the
4 Government; and

5 (d) "Continental United States" means the States and
6 the District of Columbia.

7

SEAL OF OFFICE

8 SEC. 2. The Director of Central Intelligence shall cause
9 a seal of office to be made for the Central Intelligence Agency,
10 of such design as the President shall approve, and judicial
11 notice shall be taken thereof.

12

PROCUREMENT AUTHORITIES

13 SEC. 3. (a) In the performance of its functions the
14 Central Intelligence Agency is authorized to exercise the
15 authorities contained in sections 2 (c) (1), (2), (3), (4),
16 (5), (6), (10), (12), (15), (17), and sections 3, 4, 5,
17 6, and 10 of the Armed Services Procurement Act of 1947
18 (Public Law 413, Eightieth Congress, second session).

19 (b) In the exercise of the authorities granted in sub-
20 section (a) of this section, the term "Agency head" shall
21 mean the Director, the Deputy Director, or the Executive
22 Director of the Agency.

23 (c) The determinations and decisions provided in sub-
24 section (a) of this section to be made by the Agency head
25 may be made with respect to individual purchases and con-

1 tracts or with respect to classes of purchases or contracts,
2 and shall be final. Except as provided in subsection (d)
3 of this section, the Agency head is authorized to delegate his
4 powers provided in this section, including the making of such
5 determinations and decisions, in his discretion and subject
6 to his direction, to any other officer or officers or officials of
7 the Agency.

8 (d) The power of the Agency head to make the de-
9 terminations or decisions specified in paragraphs (12) and
10 (15) of section 2 (c) and section 5 (a) of the Armed
11 Services Procurement Act of 1947 shall not be delegable.
12 Each determination or decision required by paragraphs (12)
13 and (15) of section 2 (c), by section 4 or by section 5 (a)
14 of the Armed Services Procurement Act of 1947, shall be
15 based upon written findings made by the official making
16 such determinations, which findings shall be final and shall
17 be available within the Agency for a period of at least six
18 years following the date of the determination.

19 EDUCATION AND TRAINING

20 SEC. 4. (a) Any officer or employee of the Agency
21 may be assigned or detailed for special instruction, research,
22 or training, at or with domestic or foreign public or private
23 institutions; trade, labor, agricultural, or scientific associa-
24 tions; courses or training programs under the National Mili-
25 tary Establishment; or commercial firms.

1 (b) The Agency shall, under such regulations as the
2 Director may prescribe, pay the tuition and other expenses of
3 officers and employees of the Agency assigned or detailed
4 in accordance with provisions of subsection (a) of this
5 section, in addition to the pay and allowances to which
6 such officers and employees may be otherwise entitled.

7 TRAVEL, ALLOWANCES, AND RELATED EXPENSES

8 SEC. 5. (A) Under such regulations as the Director
9 may prescribe, the Agency, with respect to its officers and
10 employees assigned to permanent-duty stations outside the
11 continental United States, its territories and possessions,
12 shall—

13 (1) (a) pay the travel expenses of officers and
14 employees of the Agency, including expenses incurred
15 while traveling pursuant to orders issued by the Di-
16 rector in accordance with the provisions of section
17 5 (A) (2) with regard to the granting of home leave;

18 (b) pay the travel expenses of the members of
19 the family of an officer or employee of the Agency when
20 proceeding to or returning from his post of duty; accom-
21 panying him on authorized home leave; or otherwise
22 traveling in accordance with authority granted pursuant
23 to the terms of this or any other Act;

24 (c) pay the cost of transporting the furniture and
25 household and personal effects of an officer or employee

1 of the Agency to his successive posts of duty and, on the
2 termination of his services, to the place where he will
3 reside;

4 (d) pay the cost of storing the furniture and house-
5 hold and personal effects of an officer or employee of
6 the Agency who is absent under orders from his usual
7 post of duty, or who is assigned to a post to which,
8 because of emergency conditions, he cannot take or at
9 which he is unable to use his furniture and household
10 and personal effects;

11 (e) pay the cost of storing the furniture and house-
12 hold and personal effects of an officer or employee of
13 the Agency on first arrival at a post for a period not
14 in excess of three months after such first arrival at
15 such post or until the establishment of residence
16 quarters, whichever shall be shorter;

17 (f) pay the travel expenses and transporta-
18 tion costs incident to the removal of the mem-
19 bers of the family of an officer or employee of
20 the Agency and his furniture and household and
21 personal effects, including automobiles, from a post
22 at which, because of the prevalence of disturbed con-
23 ditions, there is imminent danger to life and property,
24 and the return of such persons, furniture, and effects to
25 such post upon the cessation of such conditions; or to

1 such other post as may in the meantime have become
2 the post to which such officer or employee has been
3 assigned.

4 (2) Order to the continental United States on leave
5 provided for in 5 United States Code 30, 30a, 30b, or as
6 such sections may hereafter be amended, every officer and
7 employee of the Agency who is a citizen of the United States,
8 upon completion of two years' continuous service abroad, or
9 as soon as possible thereafter: *Provided*, That such officer
10 or employee has accrued to his credit at the time of such
11 order annual leave sufficient to carry him in a pay status
12 while in the United States for at least a thirty-day period.

13 (a) While in the continental United States on leave,
14 the service of any officer or employee shall be available for
15 work or duties in the Agency or elsewhere, but the time of
16 such work or duties shall not be counted as leave.

17 (b) Where an officer or employee on leave returns
18 to the continental United States, leave of absence granted
19 shall be exclusive of the time actually and necessarily
20 occupied in going to and from the continental United States,
21 and such time as may be necessarily occupied in awaiting
22 transportation.

23 (3) Notwithstanding the provisions of any other law,
24 transport for or on behalf of an officer or employee of the
25 Agency, a privately owned automobile in any case where

1 the Agency head shall determine that water, rail, or air
2 transportation of the automobile is necessary, or expedient
3 for any part or of all the distance between points of origin
4 and destination.

5 (4) (a) In the event of illness or injury requiring
6 the hospitalization of an officer or employee of the Agency
7 who is a citizen of the United States, not the result of
8 vicious habits, intemperance, or misconduct on his part,
9 incurred while on assignment abroad, in a locality where
10 there does not exist a suitable hospital or clinic, pay the
11 travel expenses of such officer or employee by whatever
12 means he shall deem appropriate and without regard to
13 the Standardized Government Travel Regulations and section
14 10 of the Act of March 3, 1933 (47 Stat. 1516; 5 U. S. C.
15 73b), to the nearest locality where a suitable hospital or
16 clinic exists and on his recovery pay for the travel expenses
17 of his return to his post of duty. If the officer or employee
18 is too ill to travel unattended, the Director may also pay
19 the travel expenses of an attendant;

20 (b) Establish a first-aid station and provide for the
21 services of a nurse at a post at which, in his opinion, suffi-
22 cient personnel is employed to warrant such a station;

23 (c) In the event of illness or injury requiring hospitali-
24 zation of an officer or employee of the Agency who is a
25 citizen of the United States, not the result of vicious habits,

1 intemperance, or misconduct on his part, incurred in the
2 line of duty while such person is assigned abroad, pay for
3 the cost of the treatment of such illness or injury at a suit-
4 able hospital or clinic.

5 (d) Provide for the periodic physical examination of
6 officers and employees of the Agency and for the cost of
7 administering inoculations or vaccinations to such officers or
8 employees.

9 (B) In accordance with such regulations as the Presi-
10 dent may prescribe and notwithstanding the provisions of
11 section 1765 of the Revised Statutes (5 U. S. C. 70), the
12 Director is authorized to grant to any officer or employee of
13 the Agency who is a citizen of the United States allowances
14 in accordance with the provisions of sections 901 (1) and
15 901 (2) of the Foreign Service Act of 1946.

16 GENERAL AUTHORITIES

17 SEC. 6. In the performance of its functions, the Central
18 Intelligence Agency is authorized to—

19 (a) transfer to and receive from other Government
20 agencies such sums as may have been approved by the
21 Bureau of the Budget and appropriated, for the perform-
22 ance of any of the functions or activities authorized
23 under sections 102 and 303 of the National Security Act
24 of 1947 (Public Law 253, Eightieth Congress), and any
25 other Government agency is authorized to transfer to or

1 receive from the Agency such sums without regard to
2 any provisions of law limiting or prohibiting transfers
3 between appropriations. Sums transferred to the
4 Agency in accordance with this paragraph may be ex-
5 pended for the purposes and under the authority of this
6 Act without regard to limitations of appropriations from
7 which transferred;

8 (b) exchange funds without regard to section 3651
9 Revised Statutes (31 U. S. C. 543) ;

10 (c) reimburse other Government agencies for serv-
11 ices of personnel assigned to the Agency, and such other
12 Government agencies are hereby authorized, without
13 regard to provisions of law to the contrary, so to assign
14 or detail any officer or employee for duty with the
15 Agency;

16 (d) authorize couriers designated by the Director
17 to carry firearms when engaged in transportation of con-
18 fidential documents and materials affecting the national
19 defense and security;

20 (e) make alterations, improvements, and repairs on
21 premises rented by the Agency and pay rent therefor
22 without regard to limitations on expenditures contained
23 in the Act of June 30, 1932, as amended: *Provided,*
24 That in each case the Director shall certify that exception
25 from such limitations is necessary to the successful per-

1 formance of the Agency's functions or to the security of
2 its activities;

3 (f) in the interests of the security of the foreign
4 intelligence activities of the United States and in order
5 further to implement the proviso of section 102 (d) (3)
6 of the National Security Act of 1947 (Public Law 253,
7 Eightieth Congress, first session) that the Director of
8 Central Intelligence shall be responsible for protecting
9 intelligence sources and methods from unauthorized dis-
10 closure, the Agency shall be exempted from the provi-
11 sions of sections 1 and 2, chapter 795, of the Act of
12 August 28, 1935 (49 Stat. 956, 957; 5 U. S. C. A.
13 654), and the provisions of any other law which require
14 the publication or disclosure of the organization, func-
15 tions, names, official titles, salaries, or numbers of per-
16 sonnel employed by the Agency: *Provided*, That in
17 furtherance of this section, the Director of the Bureau
18 of the Budget shall make no reports to the Congress in
19 connection with the Agency under section 607, title VI,
20 chapter 212, of the Act of June 30, 1945, as amended
21 (5 U. S. C. A. 947 (b)).

22

APPROPRIATIONS

23

24 SEC. 7. (a) Notwithstanding any other provisions of
law, sums made available to the Agency by appropriation

1 or otherwise may be expended for purposes necessary to
2 carry out its functions, including—

3 (1) personal services, including personal services
4 without regard to limitations on types of persons to be
5 employed, and rent at the seat of government and else-
6 where; preparation and transportation of the remains of
7 officers and employees who die abroad or in transit,
8 while in performance of their official duties, to their
9 former homes in this country or to a place not more
10 distant for interment. and for ordinary expenses of
11 such interment; penalty mail; health-service program
12 as authorized by law (5 U. S. C. 150) ; rental of news-
13 reporting services; purchase or rental and operation of
14 photographic, reproduction, cryptographic, duplication
15 and printing machines, equipment and devices, and
16 radio-receiving and radio-sending equipment and de-
17 vices, including telegraph and teletype equipment;
18 purchase, maintenance, operation, repair, and hire of
19 passenger motor vehicles and aircraft, and vessels of
20 all kinds; printing and binding; purchase, maintenance,
21 and cleaning of firearms; subject to policies established
22 by the Director, expenses of travel in connection with,
23 and expenses incident to attendance at meetings of
24 professional, technical, scientific, and other similar or-

1 ganizations when such attendance would be of benefit
2 in the conduct of the work of the Agency; association
3 and library dues; payment of claims pursuant to section
4 403 of the Federal Tort Claims Act of 1946 (60 Stat.
5 843; 28 U. S. C. 921) ; repair, rental, operation, and
6 maintenance of buildings, utilities, facilities, and ap-
7 purtenances.

8 (b) The sums made available to the Agency may be
9 expended without regard to the provisions of law and regu-
10 lations relating to the expenditure of Government funds; and
11 for objects of a confidential, extraordinary or emergency
12 nature, such expenditures to be accounted for solely on the
13 certificate of the Director and every such certificate shall be
14 deemed a sufficient voucher for the amount therein certified.

15 SEPARABILITY OF PROVISIONS

16 SEC. 8. If any provision of this Act, or the application
17 of such provision to any person or circumstances, is held
18 invalid, the remainder of this Act or the application of such
19 provision to persons or circumstances other than those as
20 to which it is held invalid, shall not be affected thereby.

21 SHORT TITLE

22 SEC. 9. This Act may be cited as the "Central In-
23 telligence Agency Act of 1948".

80TH CONGRESS
2D SESSION

Calendar No. 1340

S. 2688

[Report No. 1302]

A BILL

To provide for the administration of the Central Intelligence Agency, established pursuant to section 102, National Security Act of 1947, and for other purposes.

By Mr. SALTONSTALL

MAY 17 (legislative day, MAY 10), 1948

Read twice and ordered to be placed on the calendar

Calendar No. 1340

80TH CONGRESS }
2d Session }

SENATE

{ REPORT
No. 1302

PROVIDING FOR THE ADMINISTRATION OF THE CENTRAL INTELLIGENCE AGENCY, ESTABLISHED PURSUANT TO SECTION 102, NATIONAL SECURITY ACT OF 1947

MAY 17 (legislative day, MAY 10), 1948.—Ordered to be printed

Mr. SALTONSTALL, from the Committee on Armed Services, submitted the following

REPORT

[To accompany S. 2688]

The Committee on Armed Services, having had under consideration the Central Intelligence Agency Act of 1948, report the following bill (S. 2688) to provide for the administration of the Central Intelligence Agency, established pursuant to section 102, National Security Act of 1947, and for other purposes, and recommend that it do pass.

PURPOSE OF THE BILL

The purpose of the bill is to grant to the Central Intelligence Agency the authorities necessary for its proper administration. The bill deals with procurement, travel, allowances and related expenses, general authorities, and methods of expenditures of appropriated funds. Further, it protects the confidential nature of the Agency's functions and makes provisions for the internal administration of the Agency. In almost all instances, the powers and authorities contained in the bill already exist for some other branch of the Government, and the bill merely extends similar authorities to the Central Intelligence Agency.

COMMITTEE CONSIDERATION

Hearings on the matter were conducted in executive session because the confidential nature of the Agency's functions were deemed to be such as to require the discussions to be so held. The committee carefully considered all sections of the bill, and, after such consideration, is satisfied that all provisions of the proposal are justified and necessary to the efficient operation of the intelligence service of the United States.

SECTION-BY-SECTION ANALYSIS

Section 1 of the bill defines the terms used in the proposed act.

Section 2 requires the Director to create a seal of office and provides for its judicial notice.

Section 3 provides for the extension to the Central Intelligence Agency of certain provisions of the Armed Services Procurement Act of 1947. Under the proposed legislation the Central Intelligence Agency may negotiate for purchases and contracts for supplies without advertising if (a) there is a national emergency, (b) the public exigency would not admit a delay, (c) the aggregate amount does not exceed \$1,000, (d) if it is for personal or professional services, (e) or for services to be rendered by universities, colleges, or other educational institutions, (f) if supplies or services are to be procured and used outside the United States, (g) for supplies or services for which it is impracticable to secure competition, (h) for supplies or services the nature of which should not be publicly disclosed, (i) for supplies when the bid prices are not reasonable or have not been independently arrived at, and (j) for such procurement otherwise authorized by law. In addition, other provisions of the Armed Services Procurement Act which set forth the rules for advertising, the types of contracts that can be made, permitting advance payment under certain circumstances, for liquidating damages, and for joint procurement, are extended to the Central Intelligence Agency. The remainder of the section defines the "Agency head," and provides for the delegation of procurement authority and further provides that certain procurement authorities shall only be exercised by the Agency head and may not be delegated.

Section 4 permits the Director to provide for special instruction or training for Agency personnel. It also provides for the payment of the expenses involved. This language is similar to that contained in the Foreign Service Act of 1946.

Section 5 provides for travel, allowances, and related expenses for Agency personnel assigned to permanent duty stations outside the United States.

Section 6 (a) provides for the method of annual financing of the Central Intelligence Agency.

Section 6 (b) excepts the Central Intelligence Agency from the provisions of law which prohibit the exchange of funds by any disbursing officer other than for silver, gold, United States notes, and national bank notes.

Section 6 (c) provides for the assignment of personnel of other Government agencies to the Central Intelligence Agency, and for reimbursement for such service.

Section 6 (d) authorizes the official couriers of the Central Intelligence Agency to carry firearms.

Section 6 (e) exempts the Central Intelligence Agency from existing limitations which permit no more than 25 percent of the first year's rental for leased property to be spent on permanent improvements.

It also exempts the Agency from the existing limitation of 15 percent per annum of the fair market value as a rental which may be paid.

Section 6 (f) exempts the Agency from the requirements of the existing law pertaining to the publication of the Official Register of the United States, and the provisions of any other law which requires the

ADMINISTRATION OF CENTRAL INTELLIGENCE AGENCY

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publication or disclosure of the organization, functions, names, official titles, salaries, or numbers of persons employed by the Agency.

Section 7 establishes a point of reference to which the administrative and fiscal officers of the Central Intelligence Agency and other appropriate officers of the Government may look to determine what expenditures are authorized in the course of supporting the activities of the Agency. It further includes authorization for the employment of personnel without regard to the provisions of law applicable to the types of persons to be employed in the Government service.

It is the intent of this section to provide that funds made available to the Agency may be expended for numerous purposes specifically set forth therein; and that such funds may be expended without regard to the provisions of law applicable to Government funds. Further, objects of a confidential, extraordinary or emergency nature may be accounted for on certificate of the Director, such certificate to be deemed a sufficient voucher for the amount certified.

Sections 8 and 9 provide for the usual separability and a short title.

By letter to the chairman, Committee on Armed Services, the Director, Central Intelligence Agency, requested legislation similar to the bill being submitted, and later, on May 13, in an executive session of the committee, he approved this bill in its present form. His letter, dated March 13, 1948, in which this legislation was requested, is appended hereto, and is made a part of this report.

CENTRAL INTELLIGENCE AGENCY,
Washington 25, D. C., March 13, 1948.

HON. CHAN GURNEY,
Chairman, Committee on Armed Services,
United States Senate, Washington 25, D. C.

DEAR MR. CHAIRMAN: There is submitted herewith the draft of a proposed bill to provide for the administration of the Central Intelligence Agency, established pursuant to section 102, National Security Act of 1947, and for other purposes.

The primary purpose of this legislation is to provide authorities necessary for the administration of the Central Intelligence Agency. The basic provisions cover the Agency's problems of procurement; travel, allowances; and related expenses; general authorities; and appropriations language.

It is provided in section 3 that certain provisions of the Armed Services Procurement Act of 1947 (Public Law 413, 80th Cong.) be extended to the Agency. This is requested on the basis of difficulties which have been experienced in supplying the peculiar needs of an intelligence service.

Inasmuch as the Central Intelligence Agency is concerned with the coordination and production of foreign intelligence pertaining to the national security, there will be frequent need for overseas travel, occasional overseas assignment and, in certain cases, the establishment of overseas posts. In the light of our desire that employment in the Central Intelligence Agency be regarded as a career service, it is felt that the Agency has a problem similar to that faced by the Foreign Service in the assignment of personnel to duty abroad, and authorities similar to those granted in the Foreign Service Act of 1946 are necessary to the development of an intelligence career staff (sec. 5).

Certain general authorities have been requested in section 6 which are believed necessary to facilitate the financing of the Agency, together with additional authorities which are requested on the basis of experience in intelligence activities during the war and since the establishment of Central Intelligence in 1946. Additional general authorities are sought in the interests of the security of the national intelligence mission and in furtherance of section 102 (d) (3) of the National Security Act of 1947 which provides that the Director of Central Intelligence be responsible for protecting intelligence sources and methods from unauthorized disclosure.

4 ADMINISTRATION OF CENTRAL INTELLIGENCE AGENCY

Section 7, containing appropriations language, is included in an effort to establish a point of reference to which the administrative and fiscal officers of the Agency and other appropriate officers of the Government may look to determine what expenditures are authorized in the course of supporting the activities of the Agency. The greater part of this section pertains to activities necessary to the normal administration of the Agency, but for which money cannot be expended without specific authorization. This section further provides authorization for the spending of a portion of the money made available to the Agency for confidential purposes where security would prohibit an audit. To achieve this, it is felt necessary to authorize specifically the expenditure of funds for confidential purposes to which the Director of Central Intelligence will certify, and his certification will be a full accounting for such expenditures.

As stated above, the provisions proposed in this legislation are based on experiences in the field of intelligence during the last 5 years. Because of this experience and the security aspects of intelligence generally, it was felt best to incorporate these administrative necessities in one bill.

The Central Intelligence Agency has been advised by the Bureau of the Budget that they have no objection to the submission of this bill to the Congress in its present form.

Sincerely yours,

R. H. HILLENKOTTER,
Rear Admiral, United States Navy,
Director of Central Intelligence.

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13 October 1948

MEMORANDUM TO: General Counsel

FROM: Chief, Budget and Finance Branch

SUBJECT: Suggestions covering additional language for inclusion in the CIA legislation

1. In view of the fact that there is now afforded a further opportunity to review the pending CIA legislation which was introduced in the Second Session of the 80th Congress, it is desired to present for your consideration several proposed additions to the CIA Act as originally submitted:

a. Availability of Current Fiscal Year Funds for Expenses of Transfers of Official Station.

In the appropriate language applicable to the Department of State for the current fiscal year, there are included (refer to Section 106, Public Law 597) provisions for the use of 1949 fiscal year funds for the cost of movement of Government personnel, their dependents and household goods and personal effects, to be charged against current funds when the order covering the transfer is issued during the current fiscal year even though completion of the travel or transportation may not be completed during the 1949 fiscal year. It is believed advisable to insert in the CIA language a clause reading substantially as follows: "Funds made available to the CIA shall be available for expenses in connection with travel of personnel, their dependents and transportation of their household goods and personal effects during the fiscal year current when any

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part of either the travel or transportation pertaining to the transfer begins pursuant to previously issued travel and transfer orders, notwithstanding the fact that such travel or transportation may not all be effected during the current fiscal year, or the travel and transfer orders may have been issued during the prior fiscal year".

b. Payment of Travel and Transportation Expenses of Foreign National Appointees.

Although Section 7 of Public Law 600 makes provisions for the payment of the travel expenses of new appointees, their dependents and the transportation of their household goods and personal effects to individuals reporting for duty outside the continental limits of the United States, and for similar expenses in connection with return to the United States, there exists no affirmative provision to cover the costs of individuals appointed in a foreign country for duty at stations located in a country other than the one where the appointee actually resided at time of appointment. It is recommended that there be included in the proposed CIA legislation, a proviso somewhat as follows: "Payment of the costs of travel of new appointees, their dependents and the transportation of their household goods and personal effects from places of actual residence in a foreign country at time of appointments to places of employment and return from such places of employment to their actual residence at time of appointment provided that such appointees agree, in writing, to remain with the U. S. Government for a period of not less than 12 months or, if terminated

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at an earlier date for voluntary reasons, shall pay the expenses of return travel and transportation and, if administratively determined by the U. S. Government, the original cost of travel and transportation to places of employment outside the foreign country in which they resided at time of appointment."

c. Exclusion of Employment from Civil Service and Classification Laws.

"----- including the temporary employment of persons without regard to Civil Service laws or the temporary employment of persons or organizations by contract, or otherwise without regard to Classification laws".

The above suggested provision is made in order to provide adequate authority for the use of funds currently available to CIA for the purposes indicated since other basic authorities only provide that such employment can be effected when specifically authorized in the appropriation or other Act concerned.

d. Travel on Foreign Registered Vessels.

"--- travel on other than U. S. registered ships without regard to the provisions of Section 901 of the Merchant Marine Act of 1936 (49 Stat. 2015)"

e. Telephone Service in Private Residences.

In a number of instances in the past this Agency has had occasion to use telephone facilities in the private homes of Agency officials but have been prohibited from doing so because of the restrictive language set forth in existing legislation (refer to 31 USC 679). It appears advisable to

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include in the CIA Act, the following language: "---- including payment for official telephone service incurred in case of telephones installed in private ^{residences} ~~houses~~ when authorized under regulations established by the Director."

f. Personal Furnishings and Wearing Apparel

In view of limited interpretations set forth in decisions of the Comptroller General and the somewhat restricted language contained in Section 13 of Public Law 600, 79th Congress, it appears desirable to include the following proviso: "---- including the purchase, cleaning and repair of uniforms and other similar furnishings or apparel when deemed necessary to conform with local practices and custom."

2. The above suggestions include the major items which we feel should be given consideration prior to the forthcoming session of Congress in order that adequate coverage may be set forth in the CIA Act. It may be advisable to give consideration to the following additional items:

- a. Drinking water for office purposes.
- b. Erection, repair and furnishing of buildings.
- c. Installation and operation of mess facilities.
- d. Land purchases.
- e. Transportation in Government-owned automotive equipment to and from headquarters location of personnel who occupy quarters at isolated stations.
- f. Purchase of non-American materials where American materials are available. (Refer to 41 USC 10a)

3. Some of the items set forth above have been presented for possible consideration at this time since a review of appropriate information indicates the probable need for such coverage. In most instances specific examples which have occurred can be presented in support of the proposed coverage

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and in a number of instances, it can be shown that the activities of the Agency will be facilitated if some of the suggested items are included in the CIA legislation already presented.

4. It is suggested that, after your office has had an opportunity to review this matter, a discussion be held regarding the feasibility of having specific items covered by CIA language.

E. R. SAUNDERS

The Director

9 June 1948

Assistant General Counsel

1. Your attention is called to the following language in the report of the House Appropriations Committee regarding the budget request of the Atomic Energy Commission. This represents the type of situation which may sometimes be unavoidable, but which one must take every step to avoid. As a result, the AEC has been cut approximately \$50,000,000 by the House Committee.

"The committee is not satisfied with its relations to date with the Atomic Energy Commission. The committee is fully aware of the vital importance, particularly under present world conditions, of the work of the Commission and of the technical aspects connected with it, and is desirous of making every provision for its adequate support. However, the Commission's refusal to furnish the committee with information and appraisals of its various budgeted items, based on technical information which can be available only to the Commission, because of the scientific and secret character of the work involved, leaves much to be desired in establishing the confidence which the committee must have if it is to continue to supply these large grants of funds under conditions of secrecy which prevent full disclosure of the details involved.

"As a matter of fact, there is some feeling among the membership of the committee that the Commission has taken advantage of its strategic position in modern military defense to avoid facing the practical realities on less important and subsidiary elements of their budget. The impression left with the committee is one of general extravagance."

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Walter L. Pforzheimer

cc - Executive for A&M
Chief, B&F
General Counsel - 3
Executive for I&S

General Counsel

19 October 1948

Chief, Budget and Finance Branch

Suggestions covering additional language for inclusion in the CIA legislation

1. In view of the fact that there is now afforded a further opportunity to review the pending CIA legislation which was introduced in the Second Session of the 80th Congress, it is desired to present for your consideration several proposed additions to the CIA Act as originally submitted:

a. Availability of Current Fiscal Year Funds for Expenses of Transfers of Official Station.

In the appropriate language applicable to the Department of State for the current fiscal year, there are included (refer to Section 106, Public Law 597) provisions for the use of 1949 fiscal year funds for the cost of movement of Government personnel, their dependents and household goods and personal effects, to be charged against current funds when the order covering the transfer is issued during the current fiscal year even though completion of the travel or transportation may not be completed during the 1949 fiscal year. It is believed advisable to insert in the CIA language a clause reading substantially as follows: "Funds made available to the CIA shall be available for expenses in connection with travel of personnel, their dependents and transportation of their household goods and personal effects during the fiscal year current when any part of either the travel or transportation pertaining to the transfer begins pursuant to previously issued travel and transfer orders, notwithstanding the fact that such travel or transportation may not all be effected during the current fiscal year, or the travel and transfer orders may have been issued during the prior fiscal year".

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c. Exclusion of Employment from Civil Service and Classification Laws.

"----- including the temporary employment of persons without regard to Civil Service laws or the temporary employment of persons or organizations by contract, or otherwise without regard to Classification laws".

The above suggested provision is made in order to provide adequate authority for the use of funds currently available to CIA for the purposes indicated since other basic authorities only provide that such employment can be effected when specifically authorized in the appropriation or other Act concerned.

d. Travel on Foreign Registered Vessels.

"----- travel on other than U. S. registered ships without regard to the provisions of Section 901 of the Merchant Marine Act of 1936 (49 Stat. 2015)"

e. Telephone Service in Private Residences.

In a number of instances in the past this Agency has had occasion to use telephone facilities in the private homes of Agency officials but has been prohibited from doing so because of the restrictive language set forth in existing legislation (refer to 31 USC 679). It appears advisable to include in the CIA Act, the following language: "----- including payment for official telephone service incurred in case of telephones installed in private residence when authorized under regulations established by the Director."

f. Personal Furnishings and Wearing Apparel.

In view of limited interpretations set forth in decisions of the Comptroller General and the somewhat restricted language contained in Section 13 of Public Law 600, 79th Congress, it appears desirable to include the following proviso: "----- including the purchase, cleaning and repair of uniforms and other similar furnishings or apparel when deemed necessary to conform with local practices and custom."

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2. Return of Remains of Dependents of Employees.

It is considered necessary that there be included in the CIA Act a provisions which will permit payment from CIA funds of the cost of transportation of the remains of deceased dependents who die while in a travel status or while abroad with employees officially assigned to foreign locations. A similar provision is included in Paragraph 8 of Section 911 of the Foreign Service Act (Public Law 724 - 79th Congress).

2. The above suggestions include the major items which we feel should be given consideration prior to the forthcoming session of Congress in order that adequate coverage may be set forth in the CIA Act. It may be advisable to give consideration to the following additional items:

- a. Drinking water for office purposes.
- b. Erection, repair and furnishing of buildings.
- c. Installation and operation of mess facilities.
- d. Land purchases.
- e. Transportation in Government-owned automotive equipment to and from headquarters location of personnel who occupy quarters at isolated stations.
- f. Purchase of non-American materials where American materials are available. (Refer to 41 USC 10a)

3. The items set forth above have been presented for consideration at this time since a review of appropriate information indicates the probable need for such coverage. In most instances specific examples which have occurred can be presented in support of the proposed coverage and in a number of instances, it can be shown that the activities of the Agency will be facilitated if the suggested items are included in the CIA legislation.

4. It is suggested that, after your office has had an opportunity to review this matter, a discussion be held regarding the feasibility of having specific items covered by CIA language.

E. R. SAUNDERS

cc: Fiscal

Legislative Liaison Officer

21 December 1948

Assistant Chief, Budget and Finance Branch

Questions regarding proposed CIA legislation

1. In confirmation of our telephone conversation of yesterday, it is desired to direct your attention to the following items regarding the proposed CIA Bill in order that pertinent related items may be given appropriate consideration by you:

a. In the appropriation portion of the language, the phrase "penalty mail" can be eliminated since Public Law 786 (80th Congress) amended Public Law 364 (79th Congress) to the extent that only reports to the Post Office Department are required on a quarterly basis and reimbursement is no longer necessary.

b. A review of the proposed language does not indicate that there is full coverage for the authority to hire temporary personnel or procure services which is provided for in Section 15 of Public Law 600 only if the Department or Agency concerned has affirmative language in an appropriation or other act. It does not appear to be desirable to require the procurement of such services from funds under the authority covered by Section 7(b) of the proposed Act since the major portion of such procurements would be of a routine nature. It is possible that this coverage is adequately provided under Section 7(a) - 2, however, it may be advisable for a further check to be made to ascertain that such language will adequately cover general authorizations such as that contained in Section 15 of Public Law 600.

c. It appears that it may be advisable to slightly revise Section 7(b) to eliminate the semicolon which appears immediately after the word "funds" and substitute the word "or" for the word "and". It is understood that it is desired to actually provide for two types of funds or limitations under this subsection in order that the funds made available to CIA may be expended in the following manner:

- (1) Regular vouchered funds.
- (2) Vouchered funds to be accounted for in accordance with normal itemization requirements but which could be expended without regard to laws and regulations (in this connection, the language should be so worded as to eliminate the need for the Director to approve each specific procurement or voucher).

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- (3) Unvouchered funds for objects of a Confidential, extraordinary or emergency nature to be accounted for solely on the certificate of the Director.

2. The above items have been directed to your attention for the purpose of assuring that the language will not be finally approved in such a form as to create technical restrictions concerning the subject matters involved.

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cc: Chief, Fiscal Div.
Chief, Budget Div.

KEN/dhl

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : Budget Officer

DATE: 31 January 1949

FROM : Adm. Assistant

SUBJECT: Comments on Proposed Legislation for CIA (BILL) made by Mr. Barber,
Bureau of the Budget

Sec. 5 (A) TRAVEL, ALLOWANCES, AND RELATED EXPENSES

The administrative management officials of Bureau of the Budget question why this Agency should have authorities similar to those granted in Foreign Service Act of 1946. Explanation is wanted on this.

Sec. 5 (A) (6)

Mr. Barber stated that the officials of the Bureau of Budget would not go along on payment of interment costs on remains of an officer or employee of the Agency, and members of his family, who may die abroad or while in travel status. However, if CIA wishes to present a case on this matter they will listen.

Sec. 6 (g) GENERAL AUTHORITIES

Visas - State Department has a redraft on this subject, which perhaps Mr. Pforzheimer has.

Question was raised as to just what was meant by: "PROVIDED, That the number of visas issued to aliens and their immediate families under the authority of this Section shall in no case exceed one hundred in any one calendar year". Did it mean 100 aliens and their families making a total of 100 altogether or 100 aliens exclusive of their families? Mr. Saunders stated that 100 aliens and their families or a total of 100 altogether was the correct interpretation. Mr. Barber suggested that the words "members of" be inserted before "their immediate families" in the above quoted sentence.

Sec. 6 (h)

Mr. Barber suggested that the word "service" in the 5th line of this paragraph be changed to read "field" in view of new ^{proposed} Classification act ~~proposed~~. Also that the word "intelligence" in line 7 of this paragraph be deleted and the word "security" substituted therefor.

Sec. 7 (a) (1) APPROPRIATIONS

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Mr. Barber asked whether the vehicle to be purchased for \$3,000 would carry government tags and bear the words "CIA" [redacted]
[redacted] It was his opinion that a vehicle of this price should carry government tags and identification of CIA, however, Mr. Saunders

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He suggested that we include something regarding insurance on vehicles used in foreign countries. (See Army or Air Force Act - 1950 Budget)

Transportation expenses for school buses to haul children to school at isolated stations is to be discussed further.

Payment of premium or costs of surety bonds - This the Bureau of Budget is relying on S 193 to cover.

Sec. 7 (b) (2)

The whole paragraph is questionable to Mr. Barber. Doesn't think it should be in the Bill.. This will require explanation.

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MEMORANDUM FOR THE FILE

7 February 1949

SUBJECT: Proposed CIA Legislation

1. When clearance was obtained from the Comptroller General on proposed CIA legislation in the spring of 1948, paragraph 7(b), which gives general exemptions from the restrictions on expenditure of government funds and provides for unvouchered funds, was limited to such amounts as the National Security Council might approve. The Comptroller General approved our bill with this wording. Subsequently, in conference with the Bureau of the Budget the control was transferred from the NSC to the Director of the Budget. This was informally cleared with Mr. Fisher, General Counsel to the Comptroller General, and submitted to the House and Senate Committees accordingly.
2. The Senate Committee specifically stated its intention to exempt us from any control by the Bureau of the Budget in determining the amount of our expenditures which should be unvouchered. The Committee therefore reworded 7(b) to provide in effect that any of the funds made available to the Agency could be expended without regard to the provisions of law and regulations relating to the expenditure of government funds and for confidential expenditures for which the certificate of the Director would be a sufficient voucher. The Senate passed the bill with this wording. Since the House was unable to pass the bill, it has been necessary to start again in the Bureau of the Budget with some changes in the wording of the proposed legislation.
3. The Bureau proceeded to obtain clearance from the agencies which were affected by these changes and Mr. Barber of the Bureau informed Mr. Pforzheimer that it would be necessary to inform the Comptroller General in view of the rewording of Section 7(b). Rather than submit the new bill for formal clearance by the Comptroller General, I discussed the situation with Mr. Fisher, his General Counsel. Mr. Fisher stated that in accordance with their normal approach to such matters, they would prefer to have some control outside the Agency over the amount which would be beyond the audit powers of GAO. I stated that we were in agreement with the principle that there should be some control, either in the NSC or the Bureau of the Budget, but that in view of the express intent of the Senate Committee in 1948, the Bureau of the Budget did not wish to go back to the wording of the legislation submitted last spring.
4. Mr. Fisher stated that he could not speak officially for the Comptroller General, but felt that in view of our past relations with his office, and our special needs, the Comptroller General would not be compelled to object strenuously to the wording of 7(b) as redrafted by the Senate Committee. He was, therefore, not approving submission of this wording for himself or the Comptroller General, but was taking the position that they did not feel it necessary to object to its submission. I stated that we would not quote him as approving, and would understand fully that if Mr. Warren were called to testify on this situation, he might feel it necessary to state his opposition to such blanket authorization of unvouchered funds. I asked to be permitted to request the Bureau to forward the bill to the committee on this basis

and Mr. Fisher stated that that would be satisfactory. Mr. Pforzheimer talked to Mr. Barber who stated that if the Comptroller General were not going to intervene actively after the notice we have given him, the Bureau felt that it could probably clear the bill and present it to the Congress.

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Lawrence R. Houston

LRHouston:mao

cc:

Mr. Saunders ✓
Mr. Pforzheimer
Stayback

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CENTRAL INTELLIGENCE AGENCY
Washington 25, D. C.

15 December 1948

The Honorable
The Director of the
Bureau of the Budget
Bureau of the Budget
Washington 25, D. C.

Dear Mr. Webb:

In accordance with the letter of the President, dated 6 November 1948, regarding proposed agency legislative programs for the coming session, and my reply to you of 29 November 1948, I am forwarding herewith the text of proposed legislation for the Central Intelligence Agency.

This proposed bill is substantially the same as S. 2688 (Report No. 1302) which was passed by the Senate on 19 June 1948. A similar bill, H.R. 5871 (Report No. 1853), was unanimously approved by the Armed Services Committee of the House of Representatives, but was not passed when lack of time in the closing hours of the session prevented its being called up. Bureau of the Budget approval of last year's draft was contained in a letter to me from Mr. Elmer B. Staats, Assistant Director of the Bureau of the Budget, dated 6 April 1948. The full concurrence of the Comptroller General was contained in his letter to you dated 12 March 1948.

Reexamination of the provisions of S. 2688 indicates that while it was satisfactory, experiences over the past few months have indicated that certain additions to that bill would be most helpful to this Agency. We have, therefore, included them in the accompanying draft bill. I am also enclosing a detailed analysis of the new provisions, so that you may readily see the additions to S. 2688.

Sincerely yours,

/s/ R. H. Hillenkoetter

R. H. HILLENKOETTER
Rear Admiral, USN
Director of Central Intelligence

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MORI/CDF

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15 December 1948

EXPLANATION OF PROPOSED CIA LEGISLATION

(Asterisks are placed before new sections which did not appear in bills submitted to 80th Congress).

Section 1 comprises definitions of certain terms used in the Act.

Section 2 provides for a seal of office. Intelligence records contain information that is sometimes required for official use either in other Departments or as evidence in legal proceedings. Unless proper authentication of copies can be made, original documents would have to be produced.

Section 3(a) provides for the extension to CIA of certain provisions of the Armed Services Procurement Act of 1947 (Public Law 413, 80th Congress). The following provisions of Section 2(c) of the Armed Services Procurement Act are requested which provide for negotiation on purchases and contracts for supplies without advertising if:

There is a national emergency, (Sec. 2(c)(1));

The public exigency will not admit a delay,
(Sec. 2(c)(2));

The aggregate amount does not exceed \$1,000.00,
(Sec. 2(c)(3));

For personal or professional services, (Sec.
2(c)(4));

For service to be rendered by universities,
colleges or other educational institutions,
(Sec. 2(c)(5));

[MOR/CDF]

Supplies or services are to be procured and used outside the United States, (Sec. 2(c)(6));

For supplies or services for which it is impracticable to secure competition, (Sec. 2(c)(10));

For supplies or services the nature of which should not be publicly disclosed, (Sec. 2(c)(12));

For supplies when the bid prices after advertising are not reasonable or have not been independently arrived at, (Sec. 2(c)(15)); and

For such procurement otherwise authorized by law, (Sec. 2(c)(17)).

The remaining sections of Public Law 413, which it is requested be extended to CIA, set forth the rules for advertising, the type of contracts that can be made, provide for advance payments under certain circumstances, liquidating damages, and joint procurement.

Section 3(b) defines "Agency head" as the Director, Deputy Director, or Executive of the CIA in the same manner as it is defined in Section 9 of Public Law 413 where "agency head" is construed to mean the Secretary, Under Secretary, or any Assistant Secretary of the Armed Services.

Section 3(c) provides for the delegation of procurement authorities by the Agency head to other responsible officials of the Agency, in a manner similar to the provisions of Section 10 of Public Law 413.

Section 3(d) provides that certain procurement authorities contained in Public Law 413 shall be exercised only by

the Agency head and shall not be delegable.

It should be noted that authority is sought only for those procurement authorities in Public Law 413 which are essential to the supplying of the peculiar needs of an intelligence service. Not all of the authorities of Public Law 413 have been requested. Of those requested special emphasis should be laid on the provision which raises the normal exemption from advertising provisions from \$100.00 to \$1,000.00. The lower limitation has caused the major procurement problems for CIA in the past. A variety of minor items not available through normal procurement channels is required for support of CIA activities. The bulk of this type of procurement falls below \$1,000.00 in the aggregate, but in large part exceeds \$100.00.

Of great importance to CIA is the exception from advertising for supplies or services which should not be publicly disclosed. Certain items are secret in nature or in the use to which put, and consequently advertising should not be used in their procurement. Furthermore, in contrast to normal Government procurement, some CIA equipment should not be standardized but should be diversified in order to insure the security of individuals and establishments of the Agency.

Section 4 permits the Director to provide for special instruction or training for Agency personnel. It further

provides for the payment of tuition and expenses for Agency personnel on such assignments. This language is substantially that of Sections 573(b) and 705 of the Foreign Service Act of 1946.

Section 5 provides for travel, allowances and related expenses for Agency personnel assigned to permanent duty stations outside the United States. As it is considered desirable that employment in CIA be regarded as a career service, it is felt that the Agency has a problem similar to that faced by the Foreign Service in the assignment of personnel to duty abroad. Section 5, therefore, provides authorities, similar to those granted in the Foreign Service Act of 1946, which are believed necessary to the development of an intelligence career staff. The language of Section 5 is taken verbatim from the appropriate sections of the Foreign Service Act of 1946, and these sections are designated in parentheses in this explanation.

Section 5(A)(1)(a) provides for the payment of travel expenses for employees, including travel to and from the United States on statutory leave, which expense otherwise must be borne by the employee. (Section 911(1), Foreign Service Act).

Section 5(A)(1)(b) provides for travel expenses of the employee's family accompanying him on authorized travel for statutory home leave. (Section 911(2), Foreign Service Act).

Section 5(A)(1)(c) provides for payment of transporting an employee's household belongings from post to post and to his home on termination. (Section 911(3), Foreign Service Act).

Section 5(A)(1)(d) is a recognition of the practical situation occurring in times of emergency which forces the employee to be absent from his official station or to store his belongings elsewhere, through no fault of his own, resulting solely from the performance of his assigned duties. (Section 911(4), Foreign Service Act).

Section 5(A)(1)(e) recognizes the difficulty in obtaining quarters immediately upon arrival at a foreign station, by providing for storage of belongings up to three months. (Section 911(5), Foreign Service Act).

Section 5(A)(1)(f) recognizes the financial burden which an employee may suffer if it becomes necessary to move his family and household effects temporarily away from his post due to dangerous conditions. (Section 911(7), Foreign Service Act).

** Section 5(A)(2). This new section has been added. The old Section 5(A)(2) has been renumbered 5(A)(3) and the remaining sub-sections of Section 5(A) have been renumbered accordingly. This new section is included in order to provide a means for obligating funds applicable to the fiscal year when authorizations are issued and arrangements made for the

transfer of employees, their dependents and household effects. Thus, current funds are properly set aside, and the need for using funds applicable to subsequent fiscal years, for which budgetary provisions cannot or have not been made, is avoided.

Section 5(A)(3) authorizes the granting of statutory leave in the United States after two years' foreign service. It allows the employee, while in this country on leave, to be assigned to temporary duty in the United States for special purposes or reorientation prior to returning to foreign service. (Sections 931(b) and 933(b), Foreign Service Act).

Section 5(A)(4) provides for payment of shipping expense for private automobiles. (Section 913, Foreign Service Act).

Section 5(A)(5) provides for the health of employees overseas by permitting the payment of travel expenses to the nearest adequate facilities when local medical facilities are inadequate, for the establishment of a first aid station and a nurse at a post where the number of personnel warrants such a station, payment for cost of treatment of illness or injury incurred in line of duty overseas, and for physical examinations and payment of the cost of administering inoculations or vaccinations. (Sections 941, 942(a) and (b) and 943, Foreign Service Act).

** Section 5(A)(6). This new section is added to provide for the cost of preparing and transporting to their former

homes in the United States the remains of an officer or employee and of the members of his family who may die abroad, and for the ordinary costs of interment. While similar provisions were formerly included in Section 7 of S. 2688, it was thought preferable to redraft the section and include it at this point. (Section 911(8), Foreign Service Act).

** Section 5(A)(7). This new section is added to pay the cost of travel of new appointees and their dependents from their place of actual residence abroad to their place of employment by the Agency, and safeguards are added to provide for reimbursement to the United States if the employee does not remain with the Government for a minimum period of 12 months. This provision is included to permit the Agency to recruit foreign nationals abroad where American personnel is not available (particularly in the field of translation), and only experienced foreign national language experts are qualified to perform the required duties. It is impossible to recruit this type of personnel from countries outside the immediate area of operation without providing for payment of travel and transportation expenses as a part of the consideration of employment. Experience to date has strongly evidenced the need for this authority.

Section 5(B) provides for allowances similar to those given to Foreign Service officers and employees, including

living quarters allowance, cost-of-living allowances, extraordinary expenses and others. These allowances are controlled by regulations prescribed by the President. Exception is sought from 5 U.S.C. 70, which prohibits allowances of this type unless authorized by law. (Sections 901(1) and 901(2), Foreign Service Act).

Section 6(a) provides for the annual financing of CIA operations without impairing security.

Section 6(b) excepts the Agency from the provisions of law which prohibit exchange of funds by any disbursing officer other than exchange of gold, silver, U. S. Notes and National Bank Notes.

Section 6(c) provides for the assignment of personnel of other Government agencies to CIA and the reimbursement of those agencies for such services.

Section 6(d) authorizes official CIA couriers to carry firearms when engaged in the transportation of documents and materials which vitally affect the national defense and security.

Section 6(e) seeks exemption from limitations which permit no more than 25% of the first year's rental for leased property to be spent on permanent improvements and a further limitation of 15% of the fair market value as the rental which may be paid. These exemptions are sought to enable the Agency to expend

required funds for security and special installations of leased premises, with a particular eye to the fact that these premises must on occasion be selected for certain technical uses which would make it impossible to consider several alternate sites or utilize general facilities for which there is competition. These limitations have in the past so hampered CIA on improvements to leased facilities as to qualify the security of some installations.

Section 6(f) seeks exemption from 5 U.S.C. 654 which requires the annual publication of a book entitled the "Official Register of the United States". This book contains full lists of all persons occupying administrative and supervisory positions in the Government, including their official title and station, their legal residence and annual compensation. The publication of this information would represent a serious breach of the security of the Agency.

The proviso of Section 6(f) seeks exemption from the provision which requires the Director of the Bureau of the Budget to report the Agency's personnel ceilings quarterly to the Congress. While this section in no way alters the requirement that the Director of the Bureau of the Budget fix the Agency's quarterly personnel ceilings, it does prevent their publication. It has long been felt that knowledge of Agency personnel figures would enable the intelligence agencies of foreign powers successfully to estimate the size and scope of CIA operations.

Page Denied

the Attorney General in the determination. This suggestion has been readily accepted by us and is included in the present draft.

** Section 6(h). This new section has been added providing for the establishment of three positions in the professional and scientific service, without regard to the provisions of the Classification Act of 1923, as amended. It also provides for payment for those three positions at not less than \$10,330 and not more than \$15,000 per annum. These three positions are established for the employment of three outstanding men in the scientific field for the coordination and evaluation of foreign scientific intelligence. It has proven impossible to secure high calibre scientific personnel at current Government pay standards. This legislation is similar to that passed by the 80th Congress for similar positions in the National Military Establishment.

Section 7(a) establishes a point of reference to which the administrative and fiscal officers of CIA and other appropriate officers of the Government may look to determine what expenditures are authorized in the course of supporting the activities of the Agency.

** Section 7(a)(1) of S. 2688 has been amended by deleting from Section 7 the language commencing "preparation and transportation" through "such interment;". This language concerned

the return of remains of deceased Agency personnel who died abroad, and has been provided for by the new Section 5(A)(6), above.

** Section 7(a)(1) is amended to read, "and cleaning of firearms, including purchase, storage, and maintenance of ammunition;". S. 2688 provided for the purchase and maintenance of firearms, but omitted providing for the purchase, maintenance and storage of ammunition in connection with such firearms.

** Section 7(a)(1) is amended by an addition providing at field locations, and particularly at overseas installations, for Government transportation of CIA personnel from their homes to their place of work, where local housing and transportation conditions make it impracticable for the employees to be transported in any other manner. Public transportation is not adequate in many instances, and in some cases is completely unavailable. For similar reasons, it is necessary, particularly in overseas locations, to provide transportation for the children of employees for attendance at schools in order that their educational program not be retarded, and that the children not be subjected to hazardous circumstances and conditions.

** Section 7(a)(1) is amended to include a provision for the payment of premiums or costs of surety bonds for officers or employees without regard to the provisions of 6 U.S.C. 14, which provide that the United States shall not pay any part of

such fees required by law or otherwise of any officer or employee of the United States. Due to the nature of the activities of this Agency, and the type of funds involved, it is necessary to designate a certain number of agent cashiers. These agent cashiers and others who are directly concerned with the handling of CIA funds of a confidential nature must be bonded in accordance with normal government procedures. In some cases the yearly premiums for the officers concerned amount to almost \$300 a piece, and it is not considered either fair or equitable for the officers concerned to bear this burden. Since these and similar yearly bonds are executed for the protection and benefit of the Government, it would appear equitable that the Government should bear their expense.

** Section 7(a)(1) is amended to include a provision for the acquisition of land, and construction of buildings and facilities, without regard to 40 U.S.C. 259, 267. As the law requires specific appropriations for the acquisition of land, and as there is no annual appropriation language for the Agency, it is thought necessary to include this provision in the present language to cover future contingencies which might arise.

** Section 7(a)(1) is amended to provide for the replacements of passenger motor vehicles, the purchase of which was authorized in S. 2688, and also authorizes the purchase of one passenger

motor vehicle at not to exceed \$3,000, as well as its replacement.

** Section 7(a)(2). This new section is added to provide for expenditures for supplies, equipment and personal and contractual services which may be authorized by any statute which sets forth the functions of or is applicable to this Agency. This will permit expenditure of appropriated funds for the functions set forth in Section 102 of the National Security Act of 1947, the administrative expenditure incurred under the provisions of this proposed legislation, and such statutes as are generally applicable to CIA.

Section 7(b) enables the spending of a portion of the money made available to the Agency for confidential purposes, to be accounted for solely by certification of the Director.

Section 8 provides for the separability of the provisions of this Act.

** Section 9 provides the short title for the Act. The date is amended to read "1949".

1 division, service, office, officer, authority, administration, or
2 other establishment, in the executive branch of the Govern-
3 ment; and

4 (d) "Continental United States" means the States and
5 the District of Columbia.

6 SEAL OF OFFICE

7 SEC. 2. The Director of Central Intelligence shall cause
8 a seal of office to be made for the Central Intelligence
9 Agency, of such design as the President shall approve, and
10 judicial notice shall be taken thereof.

11 PROCUREMENT AUTHORITIES

12 SEC. 3. (a) In the performance of its functions the
13 Central Intelligence Agency is authorized to exercise the
14 authorities contained in sections 2 (c) (1), (2), (3), (4),
15 (5), (6), (10), (12), (15), (17), and sections 3, 4, 5,
16 6, and 10 of the Armed Services Procurement Act of 1947
17 (Public Law 413, Eightieth Congress, second session).

18 (b) In the exercise of the authorities granted in sub-
19 section (a) of this section, the term "Agency head" shall
20 mean the Director, the Deputy Director, or the Executive
21 of the Agency.

22 (c) The determinations and decisions provided in sub-
23 section (a) of this section to be made by the Agency head
24 may be made with respect to individual purchases and
25 contracts or with respect to classes of purchases or contracts,

1 and shall be final. Except as provided in subsection (d)
2 of this section, the Agency head is authorized to delegate
3 his powers provided in this section, including the making
4 of such determinations and decisions, in his discretion and
5 subject to his direction, to any other officer or officers or
6 officials of the Agency.

7 (d) The power of the Agency head to make the deter-
8 minations or decisions specified in paragraphs (12) and
9 (15) of section 2 (c) and section 5 (a) of the Armed
10 Services Procurement Act of 1947 shall not be delegable.
11 Each determination or decision required by paragraphs
12 (12) and (15) of section 2 (c), by section 4 or by section
13 5 (a) of the Armed Services Procurement Act of 1947, shall
14 be based upon written findings made by the official making
15 such determinations, which findings shall be final and shall
16 be available within the Agency for a period of at least six
17 years following the date of the determination.

18 EDUCATION AND TRAINING

19 SEC. 4. (a) Any officer or employee of the Agency
20 may be assigned or detailed for special instruction, research,
21 or training, at or with domestic or foreign public or private
22 institutions; trade, labor, agricultural, or scientific associa-
23 tions; courses or training programs under the National Mili-
24 tary Establishment; or commercial firms.

25 (b) The Agency shall, under such regulations as the

1 Director may prescribe, pay the tuition and other expenses
2 of officers and employees of the Agency assigned or detailed
3 in accordance with provisions of subsection (a) of this sec-
4 tion, in addition to the pay and allowances to which such
5 officers and employees may be otherwise entitled.

6 TRAVEL, ALLOWANCES, AND RELATED EXPENSES

7 SEC. 5. (a) Under such regulations as the Director may
8 prescribe, the Agency, with respect to its officers and em-
9 ployees assigned to permanent-duty stations outside the
10 continental United States, its territories, and possessions,
11 shall—

12 (1) (A) pay the travel expenses of officers and
13 employees of the Agency including expenses incurred
14 while traveling pursuant to orders issued by the Director
15 in accordance with the provisions of section 5 (a) (3)
16 with regard to the granting of home leave;

17 (B) pay the travel expenses of members of the
18 family of an officer or employee of the Agency when
19 proceeding to or returning from his post of duty;
20 accompanying him on authorized home leave; or other-
21 wise traveling in accordance with authority granted
22 pursuant to the terms of this or any other Act;

23 (C) pay the cost of transporting the furniture and
24 household and personal effects of an officer or employee
25 of the Agency to his successive posts of duty and, on

1 the termination of his services, to his residence at time
2 of appointment or to a point not more distant, or, upon
3 retirement, to the place where he will reside;

4 (D) pay the cost of storing the furniture and house-
5 hold and personal effects of an officer or employee of
6 the Agency who is absent under orders from his usual
7 post of duty, or who is assigned to a post to which, be-
8 cause of emergency conditions, he cannot take or at
9 which he is unable to use, his furniture and household
10 and personal effects;

11 (E) pay the cost of storing the furniture and
12 household and personal effects of an officer or employee
13 of the Agency on first arrival at a post for a period not
14 in excess of three months after such first arrival at such
15 post or until the establishment of residence quarters,
16 whichever shall be shorter;

17 (F) pay the travel expenses and transportation
18 costs incident to the removal of the members of the fam-
19 ily of an officer or employee of the Agency and his
20 furniture and household and personal effects, including
21 automobiles, from a post at which, because of the preva-
22 lence of disturbed conditions, there is imminent danger
23 to life and property, and the return of such persons,
24 furniture, and effects to such post upon the cessation of
25 such conditions; or to such other post as may in the

1 meantime have become the post to which such officer or
2 employee has been assigned.

3 (2) Charge expenses in connection with travel of
4 personnel, their dependents, and transportation of their
5 household goods and personal effects, involving a change
6 of permanent station, to the appropriation for the fiscal
7 year current when any part of either the travel or
8 transportation pertaining to the transfer begins pursuant
9 to previously issued travel and transfer orders, notwith-
10 standing the fact that such travel or transportation may
11 not all be effected during such fiscal year, or the travel
12 and transfer orders may have been issued during the
13 prior fiscal year.

14 ~~(3) Order to the continental United States on leave~~
15 (3) (A) Order to the United States or its Territories
16 and possessions on leave provided for in ~~Fifth United~~
17 States Code 5 U. S. C. 30, 30a, 30b, or as such sections
18 may hereafter be amended, every officer and employee
19 of the agency who was a resident of the United States
20 or its Territories and possessions at time of employment,
21 upon completion of two years' continuous service abroad,
22 or as soon as possible thereafter: *Provided*, That such
23 officer or employee has accrued to his credit at the time
24 of such order, annual leave sufficient to carry him in a

1 pay status while in the United States for at least a
2 thirty-day period.

3 ~~(A)~~ (B) While in the continental United States on
4 leave, the service of any officer or employee shall be
5 available for work or duties in the agency or elsewhere,
6 but the time of such work or duties shall not be counted
7 as leave.

8 ~~(B)~~ (C) Where an officer or employee on leave
9 returns to the ~~continental~~ United States *or its Territor-*
10 *ies and possessions*, leave of absence granted shall be
11 exclusive of the time actually and necessarily occupied
12 in going to and from the ~~continental~~ United States *or*
13 *its Territories and possessions*, and such time as may be
14 necessarily occupied in awaiting transportation.

15 (4) Notwithstanding the provisions of any other
16 law, transport for or on behalf of an officer or employee
17 of the Agency, a privately owned automobile in any
18 case where ~~the Agency head shall determine~~ *it shall be*
19 *determined* that water, rail, or air transportation of the
20 automobile is necessary or expedient for any part or of
21 all the distance between points of origin and destination,
22 *and pay the costs of such transportation.*

23 (5) (A) In the event of illness or injury requiring
24 the hospitalization of an officer or *full time* employee of
25 the Agency, not the result of vicious habits, intemperance,

1 or misconduct on his part, incurred while on assignment
2 abroad, in a locality where there does not exist a suit-
3 able hospital or clinic, pay the travel expenses of such
4 officer or employee by whatever means he shall deem
5 appropriate and without regard to the Standardized
6 Government Travel Regulations and section 10 of the
7 Act of March 3, 1933 (47 Stat. 1516; 5 U. S. C. 73b),
8 to the nearest locality where a suitable hospital or
9 clinic exists and on his recovery pay for the travel
10 expenses of his return to his post of duty. If the officer
11 or employee is too ill to travel unattended, the Director
12 may also pay the travel expenses of an attendant.

13 (B) Establish a first-aid station and provide for the
14 services of a nurse at a post at which, in his opinion,
15 sufficient personnel is employed to warrant such a sta-
16 tion: *Provided*, That, in his opinion, it is not feasible
17 to utilize an existing facility;

18 (C) In the event of illness or injury requiring hos-
19 pitalization of an officer or *full time* employee of the
20 Agency, not the result of vicious habits, intemperance,
21 or misconduct on his part, incurred in the line of duty
22 while such person is assigned abroad, pay for the cost
23 of the treatment of such illness or injury at a suitable
24 hospital or clinic;

25 (D) Provide for the periodic physical examination

1 of officers and employees of the Agency and for the cost
2 of administering inoculations or vaccinations to such
3 officers or employees.

4 (6) Pay the ~~cost~~ costs of preparing and transport-
5 ing the remains of an officer or employee of the Agency
6 or a member of his family who may die while in travel
7 status or abroad, to ~~the~~ his home or official station, or to
8 such other place as the Director may determine to be
9 the appropriate place of interment, provided that in no
10 case shall the expense payable be greater than the
11 amount which would have been payable had the destina-
12 tion been the home or official station.

13 (7) Pay the costs of travel of new appointees and
14 their dependents, and the transportation of their house-
15 hold goods and personal effects, from places of actual
16 residence in foreign countries at time of appointment
17 to places of employment and return to their actual resi-
18 dences at the time of appointment or a point not more
19 distant: *Provided*, That such appointees agree in writ-
20 ing to remain with the United States Government for a
21 period of not less than twelve months from the time of
22 appointment.

23 Violation of ~~this~~ such agreement for personal conven-
24 ience of an employee or because of separation for mis-

1 conduct will bar such return payments and, if deter-
2 mined by the Director or his designee to be in the best
3 interests of the United States, any money expended by
4 the United States on account of such travel and trans-
5 portation shall be considered as a debt due by the indi-
6 vidual concerned to the United States.

7 (b) In accordance with such regulations as the Presi-
8 dent may prescribe and notwithstanding the provisions of
9 section 1765 of the Revised Statutes (5 U. S. C. 70),
10 the Director is authorized to grant to any officer or employee
11 of the agency allowances in accordance with the provisions
12 of section 901 (1) and 901 (2) of the Foreign Service
13 Act of 1946.

14 GENERAL AUTHORITIES

15 SEC. 6. In the performance of its functions, the Central
16 Intelligence Agency is authorized to—

17 (a) Transfer to and receive from other Government
18 agencies such sums as may be approved by the Bureau of
19 the Budget, for the performance of any of the functions or
20 activities authorized under sections 102 and 303 of the
21 National Security Act of 1947 (Public Law 253, Eightieth
22 Congress), and any other Government agency is authorized
23 to transfer to or receive from the Agency such sums without
24 regard to any provisions of law limiting or prohibiting trans-
25 fers between appropriations. Sums transferred to the

1 Agency in accordance with this paragraph may be ex-
2 pended for the purposes and under the authority of this Act
3 without regard to limitations of appropriations from which
4 transferred;

5 (b) Exchange funds without regard to section 3651
6 Revised Statutes (31 U. S. C. 543);

7 (c) Reimburse other Government agencies for serv-
8 ices of personnel assigned to the Agency, and such other
9 Government agencies are hereby authorized, without regard
10 to provisions of law to the contrary, so to assign or detail
11 any officer or employee for duty with the Agency;

12 (d) Authorize couriers *and guards* designated by the
13 Director to carry firearms when engaged in transportation of
14 confidential documents and materials affecting the national
15 defense and security;

16 (e) Make alterations, improvements, and repairs on
17 premises rented by the Agency, and pay rent therefor with-
18 out regard to limitations on expenditures contained in the
19 Act of June 30, 1932, as amended: *Provided*, That in each
20 case the Director shall certify that exception from such
21 limitations is necessary to the successful performance of the
22 Agency's functions or to the security of its activities.

23 ~~(f)~~ SEC. 7. In the interests of the security of the foreign
24 intelligence activities of the United States and in order fur-
25 ther to implement the proviso of section 102 (d) (3) of the

12

1 National Security Act of 1947 (Public Law 253, Eightieth
2 Congress, first session) that the Director of Central Intel-
3 ligence shall be responsible for protecting intelligence sources
4 and methods from unauthorized disclosure, the Agency
5 shall be exempted from the provisions of sections 1 and 2,
6 chapter 795 of the Act of August 28, 1935 (49 Stat. 956,
7 957; 5 U. S. C. 654), and the provisions of any other law
8 which require the publication or disclosure of the organiza-
9 tion, functions, names, official titles, salaries, or numbers of
10 personnel employed by the Agency: *Provided*, That in fur-
11 therance of this section, the Director of the Bureau of the
12 Budget shall make no reports to the Congress in connection
13 with the Agency under section 607, title VI, chapter 212
14 of the Act of June 30, 1945, as amended (5 U. S. C. 947
15 (b)).

16 ~~(g)~~ SEC. 8. Whenever the Director and the Attorney
17 General shall determine that the entry of a particular alien
18 into the United States for permanent residence is in the in-
19 terest of national security or essential to the furtherance of the
20 national intelligence mission, such alien and his immediate
21 family shall be given entry into the United States for perma-
22 nent residence without regard to their inadmissibility under
23 the immigration or any other laws and regulations, or to the
24 failure to comply with such laws and regulations *pertaining*
25 *to admissibility*: *Provided*, That the number of aliens and

1 members of their immediate families entering the United
2 States under the authority of this section shall in no case
3 exceed one hundred *persons* in any one ~~calendar~~ *fiscal* year.

4 . ~~(h)~~ *SEC. 9.* The Director is authorized to establish and
5 fix the compensation for not more than three positions in the
6 professional and scientific field, within the Agency, each
7 such position being established to effectuate those scientific
8 intelligence functions relating to national security, which re-
9 quire the services of specially qualified scientific or profes-
10 sional personnel: *Provided*, That the rates of compensation
11 for positions established pursuant to the provisions of this
12 section shall not be less than ~~\$10,330~~ \$10,000 per annum
13 nor more than \$15,000 per annum, and shall be subject to
14 the approval of the Civil Service Commission.

15 APPROPRIATIONS

16 *SEC. 7 10.* (a) Notwithstanding any other provisions of
17 law, sums made available to the Agency by appropriation or
18 otherwise may be expended for purposes necessary to carry
19 out its functions, including—

20 (1) personal services, including personal services
21 without regard to limitations on types of persons to
22 be employed, and rent at the seat of government and
23 elsewhere; health-service program as authorized by law
24 (5 U. S. C. 150) ; rental of news-reporting services;
25 purchase of rental and operations of photographic, re-

1 production, cryptographic, duplication and printing
2 machines, equipment and devices, and radio-receiving
3 and radio-sending equipment and devices, including tele-
4 graph and teletype equipment; purchase, maintenance,
5 operation, repair, and hire of passenger motor vehicles,
6 and aircraft, and vessels of all kinds; subject to policies
7 established by the Director, transportation of officers
8 and employees of the Agency in Government-owned
9 automotive equipment between their domiciles and
10 places of employment, where such personnel are en-
11 gaged in work which makes such transportation neces-
12 sary, and transportation in such equipment, to and from
13 school, of children of Agency personnel who have
14 quarters for themselves and their families at isolated
15 stations outside the continental United States where
16 adequate public or private transportation is not avail-
17 able; printing and binding; purchase, maintenance, and
18 cleaning of firearms, including purchase, storage, and
19 maintenance of ammunition; subject to policies estab-
20 lished by the Director, expenses of travel in connection
21 with, and expenses incident to attendance at meetings
22 of professional, technical, scientific, and other similar
23 organizations when such attendance would be a benefit
24 in the conduct of the work of the Agency; association

1 and library dues; payment of premiums or costs of
2 surety bonds for officers or employees without regard
3 to the provisions of ~~Sixty-first Statutes~~, *61 Stat.* 646;
4 ~~Sixth United States Code~~ *6 U. S. C.* 14; payment of
5 claims pursuant to ~~section 2672~~ of title 28, ~~United States~~
6 ~~Code~~ *28 U. S. C.*; acquisition of necessary land and
7 the clearing of such land; construction of buildings and
8 facilities without regard to ~~Thirty-sixth Statutes~~ *699*;
9 ~~Fortieth United States Code~~ *to 36 Stat. 699; 40 U. S. C.*
10 *259, 267*; repair, rental, operation, and maintenance
11 of buildings, utilities, facilities, and appurtenances; and

12 (2) supplies, equipment, and personnel and con-
13 tractual services otherwise authorized by law and
14 regulations, when approved by the Director.

15 (b) The sums made available to the Agency may be
16 expended without regard to the provisions of law and regu-
17 lations relating to the expenditure of Government funds;
18 and for objects of a confidential, extraordinary, or emergency
19 nature, such expenditures to be accounted for solely on the
20 certificate of the Director and every such certificate shall
21 be deemed a sufficient voucher for the amount therein
22 certified.

23 SEPARABILITY OF PROVISIONS

24 SEC. 8 *11*. If any provision of this Act, or the applica-

16

1 tion of such provision to any person or circumstances, is held
 2 invalid, the remainder of this Act or the application of such
 3 provision to persons or circumstances other than those as to
 4 which it is held invalid, shall not be affected thereby.

5 SHORT TITLE

6 SEC. 9 12. This Act may be cited as the "Central Intel-
 7 ligence Agency Act of 1949".

Union Calendar No. 47

81ST CONGRESS
 1st Session

H. R. 2663

[Report No. 160]

A BILL

To provide for the administration of the Central Intelligence Agency, established pursuant to section 102, National Security Act of 1947, and for other purposes.

By Mr. SASSCER

FEBRUARY 14, 1949

Referred to the Committee on Armed Services

FEBRUARY 24, 1949

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

H. R. 2663

Budget 9

Eighty-first Congress of the United States of America
At the First Session

Begun and held at the City of Washington on Monday, the third
day of January, one thousand nine hundred and forty-nine

AN ACT

To provide for the administration of the Central Intelligence Agency,
established pursuant to section 102, National Security Act of 1947,
and for other purposes.

*Be it enacted by the Senate and House of Representatives of the
United States of America in Congress assembled,*

DEFINITIONS

SECTION 1. That when used in this Act, the term—

- (a) "Agency" means the Central Intelligence Agency;
- (b) "Director" means the Director of Central Intelligence;
- (c) "Government agency" means any executive department, commission, council, independent establishment, corporation wholly or partly owned by the United States which is an instrumentality of the United States, board, bureau, division, service, office, officer, authority, administration, or other establishment, in the executive branch of the Government; and
- (d) "Continental United States" means the States and the District of Columbia.

SEAL OF OFFICE

SEC. 2. The Director of Central Intelligence shall cause a seal of office to be made for the Central Intelligence Agency, of such design as the President shall approve, and judicial notice shall be taken thereof.

PROCUREMENT AUTHORITIES

SEC. 3. (a) In the performance of its functions the Central Intelligence Agency is authorized to exercise the authorities contained in sections 2 (c) (1), (2), (3), (4), (5), (6), (10), (12), (15), (17), and sections 3, 4, 5, 6, and 10 of the Armed Services Procurement Act of 1947 (Public Law 413, Eightieth Congress, second session).

(b) In the exercise of the authorities granted in subsection (a) of this section, the term "Agency head" shall mean the Director, the Deputy Director, or the Executive of the Agency.

(c) The determinations and decisions provided in subsection (a) of this section to be made by the Agency head may be made with respect to individual purchases and contracts or with respect to classes of purchases or contracts, and shall be final. Except as provided in

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subsection (d) of this section, the Agency head is authorized to delegate his powers provided in this section, including the making of such determinations and decisions, in his discretion and subject to his direction, to any other officer or officers or officials of the Agency.

(d) The power of the Agency head to make the determinations or decisions specified in paragraphs (12) and (15) of section 2 (c) and section 5 (a) of the Armed Services Procurement Act of 1947 shall not be delegable. Each determination or decision required by paragraphs (12) and (15) of section 2 (c), by section 4 or by section 5 (a) of the Armed Services Procurement Act of 1947, shall be based upon written findings made by the official making such determinations, which findings shall be final and shall be available within the Agency for a period of at least six years following the date of the determination.

EDUCATION AND TRAINING

SEC. 4. (a) Any officer or employee of the Agency may be assigned or detailed for special instruction, research, or training, at or with domestic or foreign public or private institutions; trade, labor, agricultural, or scientific associations; courses or training programs under the National Military Establishment; or commercial firms.

(b) The Agency shall, under such regulations as the Director may prescribe, pay the tuition and other expenses of officers and employees of the Agency assigned or detailed in accordance with provisions of subsection (a) of this section, in addition to the pay and allowances to which such officers and employees may be otherwise entitled.

TRAVEL, ALLOWANCES, AND RELATED EXPENSES

SEC. 5. (a) Under such regulations as the Director may prescribe, the Agency, with respect to its officers and employees assigned to permanent-duty stations outside the continental United States, its territories, and possessions, shall—

(1) (A) pay the travel expenses of officers and employees of the Agency including expenses incurred while traveling pursuant to orders issued by the Director in accordance with the provisions of section 5 (a) (3) with regard to the granting of home leave;

(B) pay the travel expenses of members of the family of an officer or employee of the Agency when proceeding to or returning from his post of duty; accompanying him on authorized home leave; or otherwise traveling in accordance with authority granted pursuant to the terms of this or any other Act;

(C) pay the cost of transporting the furniture and household and personal effects of an officer or employee of the Agency to his successive posts of duty and, on the termination of his services,

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to his residence at time of appointment or to a point not more distant, or, upon retirement, to the place where he will reside;

(D) pay the cost of storing the furniture and household and personal effects of an officer or employee of the Agency who is absent under orders from his usual post of duty, or who is assigned to a post to which, because of emergency conditions, he cannot take or at which he is unable to use, his furniture and household and personal effects;

(E) pay the cost of storing the furniture and household and personal effects of an officer or employee of the Agency on first arrival at a post for a period not in excess of three months after such first arrival at such post or until the establishment of residence quarters, whichever shall be shorter;

(F) pay the travel expenses and transportation costs incident to the removal of the members of the family of an officer or employee of the Agency and his furniture and household and personal effects, including automobiles, from a post at which, because of the prevalence of disturbed conditions, there is imminent danger to life and property, and the return of such persons, furniture, and effects to such post upon the cessation of such conditions; or to such other post as may in the meantime have become the post to which such officer or employee has been assigned.

(2) Charge expenses in connection with travel of personnel, their dependents, and transportation of their household goods and personal effects, involving a change of permanent station, to the appropriation for the fiscal year current when any part of either the travel or transportation pertaining to the transfer begins pursuant to previously issued travel and transfer orders, notwithstanding the fact that such travel or transportation may not all be effected during such fiscal year, or the travel and transfer orders may have been issued during the prior fiscal year.

(3) (A) Order to the United States or its Territories and possessions on leave provided for in 5 U. S. C. 30, 30a, 30b, or as such sections may hereafter be amended, every officer and employee of the agency who was a resident of the United States or its Territories and possessions at time of employment, upon completion of two years' continuous service abroad, or as soon as possible thereafter: *Provided*, That such officer or employee has accrued to his credit at the time of such order, annual leave sufficient to carry him in a pay status while in the United States for at least a thirty-day period.

(B) While in the continental United States on leave, the service of any officer or employee shall not be available for work or

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duties except in the agency for training or for reorientation for work; and the time of such work or duty shall not be counted as leave.

(C) Where an officer or employee on leave returns to the United States or its Territories and possessions, leave of absence granted shall be exclusive of the time actually and necessarily occupied in going to and from the United States or its Territories and possessions, and such time as may be necessarily occupied in waiting transportation.

(4) Notwithstanding the provisions of any other law, transport for or on behalf of an officer or employee of the Agency, a privately owned automobile in any case where it shall be determined that water, rail, or air transportation of the automobile is necessary or expedient for any part or of all the distance between points of origin and destination, and pay the costs of such transportation.

(5) (A) In the event of illness or injury requiring the hospitalization of an officer or full time employee of the Agency, not the result of vicious habits, intemperance, or misconduct on his part, incurred while on assignment abroad, in a locality where there does not exist a suitable hospital or clinic, pay the travel expenses of such officer or employee by whatever means he shall deem appropriate and without regard to the Standardized Government Travel Regulations and section 10 of the Act of March 3, 1933 (47 Stat. 1516; 5 U. S. C. 73b), to the nearest locality where a suitable hospital or clinic exists and on his recovery pay for the travel expenses of his return to his post of duty. If the officer or employee is too ill to travel unattended, the Director may also pay the travel expenses of an attendant;

(B) Establish a first-aid station and provide for the services of a nurse at a post at which, in his opinion, sufficient personnel is employed to warrant such a station: *Provided*, That, in his opinion, it is not feasible to utilize an existing facility;

(C) In the event of illness or injury requiring hospitalization of an officer or full time employee of the Agency, not the result of vicious habits, intemperance, or misconduct on his part, incurred in the line of duty while such person is assigned abroad, pay for the cost of the treatment of such illness or injury at a suitable hospital or clinic;

(D) Provide for the periodic physical examination of officers and employees of the Agency and for the cost of administering inoculations or vaccinations to such officers or employees.

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(6) Pay the costs of preparing and transporting the remains of an officer or employee of the Agency or a member of his family who may die while in travel status or abroad, to his home or official station, or to such other place as the Director may determine to be the appropriate place of interment, provided that in no case shall the expense payable be greater than the amount which would have been payable had the destination been the home or official station.

(7) Pay the costs of travel of new appointees and their dependents, and the transportation of their household goods and personal effects, from places of actual residence in foreign countries at time of appointment to places of employment and return to their actual residences at the time of appointment or a point not more distant: *Provided*, That such appointees agree in writing to remain with the United States Government for a period of not less than twelve months from the time of appointment.

Violation of such agreement for personal convenience of an employee or because of separation for misconduct will bar such return payments and, if determined by the Director or his designee to be in the best interests of the United States, any money expended by the United States on account of such travel and transportation shall be considered as a debt due by the individual concerned to the United States.

(b) In accordance with such regulations as the President may prescribe and notwithstanding the provisions of section 1765 of the Revised Statutes (5 U. S. C. 70), the Director is authorized to grant to any officer or employee of the Agency allowances in accordance with the provisions of section 901 (1) and 901 (2) of the Foreign Service Act of 1946.

GENERAL AUTHORITIES

Sec. 6. In the performance of its functions, the Central Intelligence Agency is authorized to—

(a) Transfer to and receive from other Government agencies such sums as may be approved by the Bureau of the Budget, for the performance of any of the functions or activities authorized under sections 102 and 303 of the National Security Act of 1947 (Public Law 253, Eightieth Congress), and any other Government agency is authorized to transfer to or receive from the Agency such sums without regard to any provisions of law limiting or prohibiting transfers between appropriations. Sums transferred to the Agency in accordance with this paragraph may be expended for the purposes and under the authority of this Act without regard to limitations of appropriations from which transferred;

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(b) Exchange funds without regard to section 3651 Revised Statutes (31 U. S. C. 543) ;

(c) Reimburse other Government agencies for services of personnel assigned to the Agency, and such other Government agencies are hereby authorized, without regard to provisions of law to the contrary, so to assign or detail any officer or employee for duty with the Agency ;

(d) Authorize couriers and guards designated by the Director to carry firearms when engaged in transportation of confidential documents and materials affecting the national defense and security ;

(e) Make alterations, improvements, and repairs on premises rented by the Agency, and pay rent therefor without regard to limitations on expenditures contained in the Act of June 30, 1932, as amended: *Provided*, That in each case the Director shall certify that exception from such limitations is necessary to the successful performance of the Agency's functions or to the security of its activities.

SEC. 7. In the interests of the security of the foreign intelligence activities of the United States and in order further to implement the proviso of section 102 (d) (3) of the National Security Act of 1947 (Public Law 253, Eightieth Congress, first session) that the Director of Central Intelligence shall be responsible for protecting intelligence sources and methods from unauthorized disclosure, the Agency shall be exempted from the provisions of sections 1 and 2, chapter 795 of the Act of August 28, 1935 (49 Stat. 956, 957; 5 U. S. C. 654), and the provisions of any other law which require the publication or disclosure of the organization, functions, names, official titles, salaries, or numbers of personnel employed by the Agency: *Provided*, That in furtherance of this section, the Director of the Bureau of the Budget shall make no reports to the Congress in connection with the Agency under section 607, title VI, chapter 212 of the Act of June 30, 1945, as amended (5 U. S. C. 947 (b)).

SEC. 8. Whenever the Director, the Attorney General, and the Commissioner of Immigration shall determine that the entry of a particular alien into the United States for permanent residence is in the interest of national security or essential to the furtherance of the national intelligence mission, such alien and his immediate family shall be given entry into the United States for permanent residence without regard to their inadmissibility under the immigration or any other laws and regulations, or to the failure to comply with such laws and regulations pertaining to admissibility: *Provided*, That the number of aliens and members of their immediate families entering the United States under the authority of this section shall in no case exceed one hundred persons in any one fiscal year.

SEC. 9. The Director is authorized to establish and fix the compensation for not more than three positions in the professional and scientific field, within the Agency, each such position being established to effectuate those scientific intelligence functions relating to national security, which require the services of specially qualified scientific or professional personnel: *Provided*, That the rates of compensation for positions established pursuant to the provisions of this section shall not be less than \$10,000 per annum nor more than \$15,000 per annum, and shall be subject to the approval of the Civil Service Commission.

APPROPRIATIONS

SEC. 10. (a) Notwithstanding any other provisions of law, sums made available to the Agency by appropriation or otherwise may be expended for purposes necessary to carry out its functions, including—

(1) personal services, including personal services without regard to limitations on types of persons to be employed, and rent at the seat of government and elsewhere; health-service program as authorized by law (5 U. S. C. 150); rental of news-reporting services; purchase or rental and operation of photographic, reproduction, cryptographic, duplication and printing machines, equipment and devices, and radio-receiving and radio-sending equipment and devices, including telegraph and teletype equipment; purchase, maintenance, operation, repair, and hire of passenger motor vehicles, and aircraft, and vessels of all kinds; subject to policies established by the Director, transportation of officers and employees of the Agency in Government-owned automotive equipment between their domiciles and places of employment, where such personnel are engaged in work which makes such transportation necessary, and transportation in such equipment, to and from school, of children of Agency personnel who have quarters for themselves and their families at isolated stations outside the continental United States where adequate public or private transportation is not available; printing and binding; purchase, maintenance, and cleaning of firearms, including purchase, storage, and maintenance of ammunition; subject to policies established by the Director, expenses of travel in connection with, and expenses incident to attendance at meetings of professional, technical, scientific, and other similar organizations when such attendance would be a benefit in the conduct of the work of the Agency; association and library dues; payment of premiums or costs of surety bonds for officers or employees without regard to the provisions of 61 Stat. 646; 6 U. S. C. 14; payment of claims pursuant

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to 28 U. S. C.; acquisition of necessary land and the clearing of such land; construction of buildings and facilities without regard to 36 Stat. 699; 40 U. S. C. 259, 267; repair, rental, operation, and maintenance of buildings, utilities, facilities, and appurtenances; and

(2) supplies, equipment, and personnel and contractual services otherwise authorized by law and regulations, when approved by the Director.

(b) The sums made available to the Agency may be expended without regard to the provisions of law and regulations relating to the expenditure of Government funds; and for objects of a confidential, extraordinary, or emergency nature, such expenditures to be accounted for solely on the certificate of the Director and every such certificate shall be deemed a sufficient voucher for the amount therein certified.

SEPARABILITY OF PROVISIONS

SEC. 11. If any provision of this Act, or the application of such provision to any person or circumstances, is held invalid, the remainder of this Act or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

SHORT TITLE

SEC. 12. This Act may be cited as the "Central Intelligence Agency Act of 1949".

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*

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81ST CONGRESS
1ST SESSION

H. RES. 120

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 24, 1949

Mr. SASSCER submitted the following resolution; which was referred to the
Committee on Rules

RESOLUTION

1 *Resolved*, That immediately upon the adoption of this
2 resolution it shall be in order to move that the House resolve
3 itself into the Committee of the Whole House on the State
4 of the Union for the consideration of the bill (H. R. 2663)
5 to provide for the administration of the Central Intelligence
6 Agency, established pursuant to section 102, National
7 Security Act of 1947, and for other purposes. That after
8 general debate, which shall be confined to the bill and
9 continue not to exceed one hour, to be equally divided and
10 controlled by the chairman and the ranking minority mem-
11 ber of the Committee on Armed Services, the bill shall be
12 read for amendment under the five-minute rule. At the

1 conclusion of the consideration of the bill for amendment,
2 the Committee shall rise and report the bill to the House
3 with such amendments as may have been adopted and the
4 previous question shall be considered as ordered on the bill
5 and amendments thereto to final passage without inter-
6 vening motion except one motion to recommit.

81ST CONGRESS
1ST SESSION

H. RES. 120

RESOLUTION

Making H. R. 2663, a bill to provide for the administration of the Central Intelligence Agency, established pursuant to section 102, National Security Act of 1947, and for other purposes, a special order of business.

By Mr. SASCER

FEBRUARY 24, 1949

Referred to the Committee on Rules

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|----------------------------------|----------------------------|-------------------|
| 81ST CONGRESS } 1st Session } | HOUSE OF REPRESENTATIVES } | REPORT No. 160 |
|----------------------------------|----------------------------|-------------------|

PROVIDING FOR THE ADMINISTRATION OF THE
CENTRAL INTELLIGENCE AGENCY

FEBRUARY 24, 1949.—Committed to the Committee of the Whole House on the
State of the Union and ordered to be printed

Mr. SASSCER, from the Committee on Armed Services, submitted the
following

R E P O R T

[To accompany H. R. 2663]

The Committee on Armed Services, to whom was referred the bill (H. R. 2663) to provide for the administration of the Central Intelligence Agency, established pursuant to section 102, National Security Act of 1947, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill do pass.

The amendments are as follows:

On page 6 strike out all of line 14 and insert in lieu thereof the following "(3) (A) Order to the United States or its territories and possessions on leave".

On page 6, line 15, strike out the words "Fifth United States Code" and substitute in lieu thereof the number and letters "5 U. S. C.".

On page 6, line 18, after the word "States" add the words "or its territories and possessions".

On page 6, line 24, strike out "(A)" and insert in lieu thereof "(B)".

On page 7, line 4, strike out "(B)" and insert in lieu thereof "(C)".

On page 7, line 5, strike out the word "continental".

On page 7, line 5, after the word "States" add the words "or its territories and possessions".

On page 7, line 7, strike out the word "continental".

On page 7, line 8, after the word "States" insert the words "or its territories and possessions".

On page 7, line 13, strike out the words "the Agency head shall determine" and insert in lieu thereof the words "it shall be determined".

On page 7, line 16, strike out the period after the word "destination", insert a comma and the words "and pay the costs of such transportation".

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On page 7, line 18, add the words "full time" after the word "or".

On page 8, line 13, add the words "full time" after the word "or".

On page 8, line 23, strike out the word "cost" and insert in lieu thereof the word "costs".

On page 9, line 1, strike out the word "the" and insert in lieu thereof the word "his".

On page 9, line 17, strike out the word "this" and insert in lieu thereof the word "such".

On page 11, line 6, after the word "couriers" add the words "and guards".

On page 11, line 17, strike out "(f)" and insert in lieu thereof "SEC. 7".

On page 12, line 10, strike out "(g)" and insert in lieu thereof "SEC. 8".

On page 12, line 18, after the word "regulations" add the words "pertaining to admissibility".

On page 12, line 21, after the word "hundred" add the word "persons".

On page 12, line 22, strike out the word "calendar" and insert in lieu thereof the word "fiscal".

On page 12, line 23, strike out "(h)" and insert in lieu thereof "SEC. 9".

On page 13, line 6, strike out the numbers "10,330" and insert in lieu thereof the numbers "\$10,000".

On page 13, line 10, strike out the number "7" and insert in lieu thereof the number "10".

On page 14, line 21, strike out the words "Sixty-first Statutes," and insert in lieu thereof "61 Stat.".

On page 14, lines 21 and 22, strike out the words "Sixth United States Code" and insert in lieu thereof "6 U. S. C.".

On page 14, line 23, strike out the words and numbers "section 2672 of title 28, United States Code" and insert in lieu thereof the numbers and letters "28 U. S. C. 2672".

On page 15, strike out all of line 1 and insert in lieu thereof the following: "to 36 Stat. 699; 40 U. S. C.".

On page 15, line 16, strike out the number "8" and insert in lieu thereof the number "11".

On page 15, line 22, strike out the number "9" and insert in lieu thereof the number "12".

The purpose of the proposed legislation, in general, is to grant to the Central Intelligence Agency necessary authority for its proper and efficient administration. The legislation deals with procurement authority, travel and allowances for Agency personnel, methods of expenditures of appropriated funds, and other related authorities connected with the administration of the Agency. There are other provisions relating to the internal administration of the Agency which will enable the Agency to protect its confidential functions. A few of the provisions are unusual in nature, but nevertheless are essential to the successful operation of an efficient intelligence service.

Section 1 contains definitions.

Section 2 authorizes a seal of office for the Agency and requires that judicial notice be taken thereof. This is necessary to enable the Agency to make use of authenticated copies rather than have to produce original documents.

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Section 3 (a) extends to the Agency certain provisions of section 2 (c) of the Armed Services Procurement Act of 1947, which will permit negotiation on purchases and contracts for supply without advertising if:

- (1) There is a national emergency.
- (2) The public exigency will not admit a delay.
- (3) The aggregate amount does not exceed \$1,000.
- (4) For personal or professional services.
- (5) For service to be rendered by universities, colleges, or other educational institutions.
- (6) Supplies or services are to be procured and used outside the United States.
- (7) For supplies or services for which it is impracticable to secure competition.
- (8) For supplies or services the nature of which should not be publicly disclosed.
- (9) For supplies when the bid prices after advertising are not reasonable or have not been independently arrived at.
- (10) For such procurement otherwise authorized by law.

The remainder of section 3 (a) extends to the Agency sections 3, 4, 5,*6, and 10 of the Armed Services Procurement Act of 1947, which sets forth the rules for advertising, the type of contracts that can be made, provides for advance payments under certain circumstances, liquidating damages, and joint procurement.

Section 3 (b) defines the term "Agency head."

Section 3 (c) provides for the delegation of procurement authorities by the Agency head.

Section 3 (d) provides that certain procurement authorities shall be exercised only by the Agency head and shall not be delegable.

Section 4 will permit the Director to provide for special instruction or tuition and expenses for personnel engaged in such assignments.

Section 5 in general provides for travel, allowances, and related expenses for Agency personnel assigned to permanent-duty stations outside the United States.

Subsection 5 (a) (1) (A) provides for the payment of travel expenses for employees, including travel to and from the United States on statutory leave.

Subsection 5 (a) (1) (B) provides for travel expenses for members of the family of an Agency employee while proceeding to or returning from his post of duty or accompanying him on authorized home leave, or otherwise traveling in accordance with the authority provided in the proposed legislation.

Subsection 5 (a) (1) (C) provides for the payment of transporting household belongings.

Subsection 5 (a) (1) (D) provides for the storage of furniture and household effects of an employee who is absent under orders from his usual post of duty or who is assigned to a post at which, because of emergency conditions, he cannot take or cannot use such effects.

Subsection 5 (a) (1) (E) provides for the cost of storing furniture and other household and personal effects of an employee upon his first arrival at a post for a period not in excess of 3 months.

Subsection 5 (a) (1) (F) provides for travel expenses and transportation costs incident to the removal of an employee's family and personal effects during temporary periods due to dangerous conditions at his

post of duty, and for the return of his family and personal effects upon the cessation of such conditions or to another post, if necessary.

Subsection 5 (a) (2) provides a means for obligating funds during the fiscal year when travel authorizations are issued and arrangements made for the transfer of employees, their dependents, and household effects, although travel has not actually been performed. This subsection will permit current funds to be set aside in a fiscal year even though actual expenditure takes place in a succeeding fiscal year.

Subsection 5 (a) (3) (A), as amended, authorizes the granting of statutory leave in the United States or its Territories and possessions after 2 years of foreign service.

Subsection 5 (a) (3) (B) provides that an employee while in this country on leave may be assigned to temporary duty in the United States for special purposes or reorientation prior to returning to foreign service.

Subsection 5 (a) (4) provides for the payment of shipping expenses for private automobiles.

Subsection 5 (a) (5) (A) provides for the health of employees overseas by permitting the payment of travel expenses to the nearest adequate facilities when local medical facilities are inadequate. The Committee on Armed Services added the words "full time" before the word "employee" as it appears in the section in order to eliminate any possible misinterpretation of this section which might arise in connection with part-time employees working in minor part-time positions at overseas posts.

Subsections 5 (a) (5) (B) and (C) provide for the establishment of first-aid stations at posts where the number of personnel warrants such stations, and payment for the cost of treatment of injury incurred in line of duty overseas. Again the committee added to words "full time" preceding the word "employee" in section (5) (a) (5) (C) to eliminate any possible misinterpretation of this section which might arise in connection with part-time employees employed in minor capacities in overseas bases.

Subsection 5 (a) (5) (D) provides for physical examination of all employees of the Agency and for the cost of inoculations or vaccinations. It should be noted that here the committee did not add the words "full time" preceding the word "employees" in order to assure the physical examination and inoculation or vaccination of all full-time and part-time employees of the Agency.

Subsection 5 (a) (6) provides for the cost of preparing and transporting the remains of an employee, or members of his family, who may die abroad.

Subsection 5 (a) (7) provides for the costs of travel of new appointees and their dependents from their place of actual residence abroad to the place of employment by the Agency. A safeguard is added in the proviso requiring reimbursement if the employee does not remain with the United States Government for a period of 12 months. This section will permit the Agency to recruit foreign nationals abroad where American personnel are not available, which is of particular importance in the recruiting of foreign-language specialists.

Section 5 (b) provides allowances for Agency employees similar to those given to Foreign Service employees and officers, including leave allowances, cost of leave expenses, extraordinary expenses, and others.

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It should be noted that practically all of the provisions of section 5 are based on identical provisions contained in the Foreign Service Act of 1946. The purpose of this section is to further the concept that the Foreign Intelligence Service of the United States is a career service similar to the Foreign Service of the United States.

Section 6 (a) provides for the annual financing of Agency operations without impairing security.

Section 6 (b) exempts the Agency from the provisions of existing law which prohibit exchange of funds by any disbursing officer other than exchange of gold, silver, United States notes, and national bank notes. This will permit Agency disbursing officers to exchange foreign funds for other foreign funds.

Section 6 (c) provides for the assignment of personnel of other Government agencies to the Agency and the reimbursement of those agencies for such services.

Section 6 (d), as amended, authorizes couriers and guards to carry firearms while engaged in the transportation of documents and materials which affect the national security.

Section 6 (e) exempts the Agency from limitations which, under existing law, permit no more than 25 percent of the first year's rental for leased property to be spent on permanent improvements, and also further imposes a limitation of 15 percent of the fair market value of the property as a rental which may be paid. This will enable the Agency to spend funds for special installations in leased premises.

Section 6 (f) has been renumbered at the request of the Agency and is now section 7. This section exempts the Agency from the provisions of 5 United States Code 654, which require publication of personnel data in the Official Register of the United States. Section 7 also exempts the Bureau of the Budget from including in its public report to the Congress the Agency's personnel strength.

Section 6 (g) has been renumbered section 8. This important feature of the proposed legislation provides that whenever the Director and the Attorney General determine that the entry of an alien for permanent residence into the United States is essential to the furtherance of the national intelligence mission, such alien and his immediate family shall be given entry into the United States without regard to such admissibility under existing laws and regulations. The section limits this authority to 100 persons in any one year. The purpose of this section is quite obvious. Its enactment will permit the Director of the Agency, acting jointly with the Attorney General, to admit into this country aliens whose intelligence potential has proven of the highest value to the national security. The Committee on Armed Services considered this provision carefully and it is felt that the purpose for which this section was drafted is of sufficient importance to the national intelligence mission to justify the granting of this unusual authority.

In order to eliminate any question which might arise as to the authority of the Attorney General to deport such persons who might at a later date prove undesirable, the committee added the words "pertaining to admissibility" after the word "regulations," as it appears in this section. This assures that the only provisions of law affected by this section are those regarding the admissibility of aliens. It does not apply to any provisions of law regarding the conduct of such individuals once they have gained entry into the United States. In

ADMINISTRATION OF CENTRAL INTELLIGENCE AGENCY

addition, the committee added the word "persons" after the word "hundred" to clarify the intent that this figure includes not only the particular aliens, but also members of their immediate families.

Section 6 (h) has been renumbered and is now section 9. This section provides authorization for the establishment of three positions in the scientific and the professional service of the Agency. These three positions are established for the employment of outstanding men in the scientific field of foreign scientific intelligence. Similar legislation was passed by the Eightieth Congress for comparable positions in the National Military Establishment. The section, as amended, establishes a salary minimum of \$10,000 and a maximum of \$15,000 per annum. The original section provided for a minimum salary of \$10,330 but the committee reduced this amount in order that it would be similar to the amount established for comparable positions in the National Military Establishment, recognizing at the same time that any salary between \$10,000 and \$15,000 could be established by the Director.

Section 7 has been renumbered as section 10. Section 10 (a) establishes a point of reference to which the administrative and fiscal officers of the Agency and other appropriate officers of the Government may look to determine what expenditures are authorized for the activities of the Agency. It permits sums made available to the Agency to be expended for the purposes set forth in the section. This section is necessary in view of the requirements of existing law or Comptroller General's decisions, which specify that such expenditures are not permissible unless authorized by law.

Section 10 (b) permits the Agency to expend sums made available to it without regard to provisions of law. It also permits the expenditure of funds for confidential purposes, to be accounted for solely by certification of the Director.

Sections 11 and 12 are the usual separability and short-title sections.

As amended, the Committee on Armed Services unanimously approved the proposed legislation, and urges its immediate passage.

The importance and necessity for an efficient, capable, intelligence service cannot be overemphasized. This legislation will do much to strengthen our present foreign intelligence service.

The report does not contain a full and detailed explanation of all of the provisions of the proposed legislation in view of the fact that much of such information is of a highly confidential nature. However, the Committee on Armed Services received a complete explanation of all features of the proposed measure. The committee is satisfied that all sections of the proposed legislation are fully justified.

The proposed measure is recommended by the Director of the Central Intelligence Agency, and the Bureau of the Budget interposes no objection, as indicated by the attached letter, hereby made a part of this report.

FEBRUARY 11, 1949.

HON. SAM RAYBURN,
SPEAKER OF THE HOUSE OF REPRESENTATIVES,
Washington 25, D. C.

DEAR MR. SPEAKER: There is submitted herewith the draft of a proposed bill to provide for the administration of the Central Intelligence Agency, established pursuant to section 102, National Security Act of 1947, and for other purposes.

ADMINISTRATION OF CENTRAL INTELLIGENCE AGENCY

This proposed legislation is substantially the same as H. R. 5871 which was introduced in the Eightieth Congress and unanimously reported out by the House Armed Services Committee. However, due to lack of time, the bill was not called up on the floor. It was also reported out unanimously by the Senate Armed Services Committee in the Eightieth Congress, and passed the Senate on June 21, 1948. The favorable action of the House Armed Services Committee is reported in House Report No. 1853, dated May 4, 1948.

The purpose of the bill is to grant to the Central Intelligence Agency the authorities necessary for its proper administration. The bill deals with procurement, travel, allowances and related expenses, general authorities, and methods of expenditures of appropriated funds. Further, it protects the confidential nature of the Agency's functions and makes provisions for the internal administration of the Agency. In almost all instances, the powers and authorities contained in the bill already exist for some other branch of the Government, and the bill merely extends similar authorities to the Central Intelligence Agency.

This proposed bill has been resubmitted to the Bureau of the Budget, and we have been advised that they have no objection to its presentation to the Congress in its present form.

Sincerely yours,

R. H. HILLENKOETTER,
Rear Admiral, United States Navy,
Director of Central Intelligence.

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STAT

A BILL

To provide for the administration of the Central Intelligence Agency, established pursuant to Section 102, National Security Act of 1947, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.

DEFINITIONS

SECTION 1. That when used in this Act, the term

- (a) "Agency" means the Central Intelligence Agency;
- (b) "Director" means the Director of Central Intelligence;
- (c) "Government agency" means any executive department, commission, council, independent establishment, corporation wholly or partly owned by the United States which is an instrumentality of the United States, board, bureau, division, service, office, officer, authority, administration, or other establishment, in the executive branch of the government; and
- (d) "Continental United States" means the States and the District of Columbia.

[MORI/CDF]

SEAL OF OFFICE

SECTION 2. The Director of Central Intelligence shall cause a seal of office to be made for the Central Intelligence Agency, of such design as the President shall approve, and judicial notice shall be taken thereof.

[MORI/CDF]

PROCUREMENT AUTHORITIES

SECTION 3. (a) In the performance of its functions the Central Intelligence Agency is authorized to exercise the authorities contained in sections 2(c)(1), (2), (3), (4), (5), (6), (10), (12), (15), (17), and sections 3, 4, 5, 6 and 10 of the Armed Services Procurement Act of 1947, (Public Law 413, 80th Congress, 2nd Session).

(b) In the exercise of the authorities granted in sub-section (a) of this section, the term "Agency head" shall mean the Director, the Deputy Director, or the Executive of the Agency.

(c) The determinations and decisions provided in sub-section (a) of this section to be made by the Agency head may be made with respect to individual purchases and contracts or with respect to classes of purchases or contracts, and shall be final. Except as provided in sub-section (d) of this section, the Agency head is authorized to delegate his powers provided in this section, including the making of such determinations and decisions, in his discretion and subject to his direction, to any other officer or officers or officials of the Agency.

(d) The power of the Agency head to make the determinations or decisions specified in paragraphs (12) and (15) of section 2(c) and section 5(a) of the Armed

[MORI/CDF]

Services Procurement Act of 1947 shall not be delegable. Each determination or decision required by paragraphs (12) and (15) of section 2(c), by section 4 or by section 5(a) of the Armed Services Procurement Act of 1947, shall be based upon written findings made by the official making such determinations, which findings shall be final and shall be available within the Agency for a period of at least six (6) years following the date of the determination.

[MORI/CDF]

EDUCATION AND TRAINING

SECTION 4. (a) Any officer or employee of the Agency may be assigned or detailed for special instruction, research, or training, at or with domestic or foreign public or private institutions; trade, labor, agricultural, or scientific associations; courses or training programs under the National Military Establishment; or commercial firms.

(b) The Agency shall, under such regulations as the Director may prescribe, pay the tuition and other expenses of officers and employees of the Agency assigned or detailed in accordance with provisions of sub-section (a) of this section, in addition to the pay and allowances to which such officers and employees may be otherwise entitled.

TRAVEL, ALLOWANCES, AND RELATED EXPENSES

SECTION 5(A). Under such regulations as the Director may prescribe, the Agency, with respect to its officers and employees assigned to permanent duty stations outside the continental United States, its territories and possessions, shall:

(1)(a) Pay the travel expenses of officers and employees of the Agency including expenses incurred while traveling pursuant to orders issued by the Director in accordance with the provisions of section 5(A)(3) with regard to the granting of home leave;

(b) Pay the travel expenses of the members of the family of an officer or employee of the Agency when proceeding to or returning from his post of duty; accompanying him on authorized home leave; or otherwise traveling in accordance with authority granted pursuant to the terms of this ~~or any other~~ Act;

(c) Pay the cost of transporting the furniture and household and personal effects of an officer or employee of the Agency to his

successive posts of duty and, on the termination of his services, to the place ^{his residence} ~~where he~~ ^{at line of} ~~where he~~ will reside;

appointment or a point not more distant or on retirement to the place where he

- (d) Pay the cost of storing the furniture and household and personal effects of an officer or employee of the Agency who is absent under orders from his usual post of duty, or who is assigned to a post to which, because of emergency conditions, he cannot take or at which he is unable to use, his furniture and household and personal effects;
- (e) Pay the cost of storing the furniture and household and personal effects of an officer or employee of the Agency on first arrival at a post for a period not in excess of three months after such first arrival at such post or until the establishment of residence quarters, whichever shall be shorter;
- (f) Pay the travel expenses and transportation costs incident to the removal of the members of the family of an officer or employee of the Agency and his furniture and household and personal effects, including automobiles, from a post at which, because of the prevalence of disturbed conditions, there is imminent danger to life and property, and the return of such persons, furniture, and effects to such post upon the cessation of such conditions; or to such other post as

may in the meantime have become the post to which such officer or employee has been assigned.

(2) Charge expenses in connection with travel of personnel, their dependents and transportation of their household goods and personal effects, involving a change of permanent station, to the appropriation for the fiscal year current when any part of either the travel or transportation pertaining to the transfer begins pursuant to previously issued travel and transfer orders, notwithstanding the fact that such travel or transportation may not all be effected during such fiscal year, or the travel and transfer orders may have been issued during the prior fiscal year.

(3) Order to the continental United States on leave provided for in 5 U.S.C. 30, 30a, 30b, or as such sections may hereafter be amended, every officer and employee of the Agency who is a ^{resident} ~~citizen~~ of the United States, ^{at time of appointment} upon completion of two years' continuous service abroad, or as soon as possible thereafter: PROVIDED, That such officer or employee has accrued to his credit at the time of such order, annual leave sufficient to carry him in a pay status while in the United States for at least a 30-day period.

(a) While in the continental United States on leave, the service of any officer or employee shall be available for work or duties in the

Agency or elsewhere, but the time of such work or duties shall not be counted as leave.

- (b) Where an officer or employee on leave returns to the continental United States, leave of absence granted shall be exclusive of the time actually and necessarily occupied in going to and from the continental United States, and such time as may be necessarily occupied in awaiting transportation.

(4) Notwithstanding the provisions of any other law, transport for or on behalf of an officer or employee of the Agency, a privately owned automobile in any case where the Agency head shall determine that water, rail, or air transportation of the automobile is necessary or expedient for any part or of all the distance between points of origin and destination.

- (5)(a) In the event of illness or injury requiring the hospitalization of an officer or employee of the Agency ~~who is a citizen of the United States~~, not the result of vicious habits, intemperance, or misconduct on his part, incurred while on assignment abroad, in a locality where there does not exist a suitable hospital or clinic, pay the travel expenses of such officer or employee by whatever means he shall deem appropriate and without regard to the Standardized Government

[MORI/CDF]

Travel Regulations and section 10 of the Act of March 3, 1933 (47 Stat. 1516; 5 U.S.C. 73b), to the nearest locality where a suitable hospital or clinic exists and on his recovery pay for the travel expenses of his return to his post of duty. If the officer or employee is too ill to travel unattended, the Director may also pay the travel expenses of an attendant;

- (b) Establish a first-aid station and provide for the services of a nurse at a post at which, in his opinion, sufficient personnel is em-

it is not feasible to utilize existing facilities employed to warrant such a station; *provided, in his opinion*

- (c) In the event of illness or injury requiring hospitalization of an officer or employee of the Agency ~~who is a citizen of the United States~~, not the result of vicious habits, intemperance, or misconduct on his part, incurred in the line of duty while such person is assigned abroad, pay for the cost of the treatment of such illness or injury at a suitable hospital or clinic;

- (d) Provide for the periodic physical examination of officers and employees of the Agency and for the cost of administering inoculations or vaccinations to such officers or employees.

[MORI/CDE]

(U) "Pay the cost of preparing and transporting the remains of an officer or employee of the Agency or a member of his family who may die while in travel status or abroad, to the home or official station, or to such other place as the Director may determine to be the appropriate place of interment, provided that in no case shall the expense payable be greater than the amount which would have been payable had the destination been the home or official station, ~~together with payment for the cost of interment.~~"

MORI/CDF

See memo (6) Pay the cost of preparing and transporting to their former homes in the continental United States or to a place not more distant, the remains of an officer or employee of the Agency who is a citizen of the United States and of the members of his family who may die abroad or while in travel status, ~~and the ordinary costs of interment.~~ ?

(7) Pay the costs of travel of new appointees and their dependents, and the transportation of their household goods and personal effects, from places of actual residence in foreign countries at time of appointment to places of employment and return to their actual residences at the time of appointment or a point not more distant; PROVIDED, That such appointees agree in writing to remain with the U. S. Government for a period of not less than 12 months from the time of appointment.

Violation of this agreement for personal convenience of an employee or because of separation for misconduct will bar such return payments and, if determined by the Director or his designee to be in the best interests of the United States, any money expended by the United States on account of such travel and transportation shall be considered as a debt due by the individual concerned to the United States.

(B) In accordance with such regulations as the President may prescribe and notwithstanding the provisions of section 1765 of the Revised Statutes (5 U.S.C. 70), the

[MORI/CDF]

Director is authorized to grant to any officer or employee of the Agency ~~who is a citizen of the United States~~ allowances in accordance with the provisions of Section 901(1) and 901(2) of the Foreign Service Act of 1946.

[MORI/CDF]

GENERAL AUTHORITIES

SECTION 6. In the performance of its functions, the Central Intelligence Agency is authorized to:

(a) Transfer to and receive from other government agencies such sums as may be approved by the Bureau of the Budget, for the performance of any of the functions or activities authorized under Sections 102 and 303 of the National Security Act of 1947 (Public Law 253, 80th Congress), and any other government agency is authorized to transfer to or receive from the Agency such sums without regard to any provisions of law limiting or prohibiting transfers between appropriations. Sums transferred to the Agency in accordance with this paragraph may be expended for the purposes and under the authority of this Act without regard to limitations of appropriations from which transferred;

(b) Exchange funds without regard to Section 3651 Revised Statutes (31 U.S.C. 543);

(c) Reimburse other government agencies for services of personnel assigned to the Agency, and such other government agencies are hereby authorized, without regard to provisions of law to the contrary, so to assign or detail any officer or employee for duty with the Agency;

(d) Authorize couriers designated by the Director to carry firearms when engaged in transportation of confidential documents and materials affecting the national defense and security;

[MORI/CDF]

(e) Make alterations, improvements and repairs on premises rented by the Agency and pay rent therefor without regard to limitations on expenditures contained in the Act of June 30, 1932, as amended: Provided, That in each case the Director shall certify that exception from such limitations is necessary to the successful performance of the Agency's functions or to the security of its activities;

(f) In the interests of the security of the foreign intelligence activities of the United States and in order further to implement the proviso of Section 102(d) (3) of the National Security Act of 1947 (Public Law 253, 80th Congress, 1st Session) that the Director of Central Intelligence shall be responsible for protecting intelligence sources and methods from unauthorized disclosure, the Agency shall be exempted from the provisions of Sections 1 and 2, c. 795 of the Act of 28 August 1935, 49 Stat. 956, 957, 5 U.S.C. 654, and the provisions of any other law which require the publication or disclosure of the organization, functions, names, official titles, salaries, or numbers of personnel employed by the Agency;

PROVIDED, That in furtherance of this section, the Director of the Bureau of the Budget shall make no reports to the Congress in connection with the Agency under Section 607, Title VI, c. 212 of the Act of 30 June 1945, as amended, 5 U.S.C. 947 (b);

MORI/CDF

6(g). Whenever the Director and the Attorney General shall determine that the entry of a particular alien into the United States for permanent residence is in the interest of national security or essential to the furtherance of the national intelligence mission, such alien and his immediate family shall be given entry into the United States for permanent residence without regard to their inadmissibility under the immigration or any other laws and regulations, or to the failure to comply with such laws and regulations; PROVIDED, That the number of aliens and ^{members of} their immediate families entering the United States under the authority of this Section shall in no case exceed one hundred in any one calendar year.

MORI/CDF

See memo

(g) Whenever the Director and the Attorney General shall determine that the entry of an alien into the United States for permanent residence is in the interest of national security or essential to the furtherance of the national intelligence mission, an appropriate consular officer shall issue to such alien and his immediate family non-quota immigration visas as provided for in the Act of May 26, 1924, 43 Stat. 153, as amended, but without regard to the inadmissibility of such aliens to the United States under the immigration laws, or to the failure of the application to comply with such laws; and upon issuance of visas under the provisions of this section, the aliens to whom issued will not be denied entry to the United States because of inadmissibility or ineligibility under any provisions of law governing entry of aliens into the United States; PROVIDED, That the number of visas issued to aliens and ^{beneficiary} their immediate families under the authority of this Section shall in no case exceed one hundred in any one calendar year.

(h) The Director is authorized, ~~without regard to the provisions of the Classification Act of 1923~~, as amended, to establish and fix the compensation for not more than ^{five} three positions in the professional and scientific ~~service~~, within the Agency, each such position being established to effectuate those scientific intelligence functions relating to national ^{security} ~~intelligence~~, which require the services of specially qualified scientific or

MORI/CDF

professional personnel; PROVIDED, That the rates of compensation for positions established pursuant to the provisions of this Section shall not be less than \$10,330 per annum nor more than \$15,000 per annum, ^{subject} and shall be ^{to the} *approval of the Civil Service Commission*

[MORI/CDF]

APPROPRIATIONS

SECTION 7. (a) Notwithstanding any other provisions of law, sums made available to the Agency by appropriation or otherwise may be expended for purposes necessary to carry out its functions, including:

(1) personal services, including personal services without regard to limitations on types of persons to be employed, and rent at the seat of government and elsewhere; ~~penalty mail~~; health-service program as authorized by law (5 U.S.C. 150); rental of news-reporting services; purchase or rental and operation of photographic, reproduction, cryptographic, duplication and printing machines, equipment and devices, and radio-receiving and radio-sending equipment and devices, including telegraph and teletype equipment; purchase, maintenance, operation, repair, and hire of passenger motor vehicles ~~(including purchase and replacement of one such vehicle at not to exceed \$3,000)~~, and aircraft, and vessels of all kinds; subject to policies established by the Director, transportation of officers and employees of the Agency in Government-owned automotive equipment between their domiciles and places of employment, where such personnel are engaged in field work which makes such transportation necessary, and transportation in

[MORI/CDF]

such equipment, to and from school, of children of Agency personnel who have quarters for themselves and their families at isolated stations, ^{outside boundaries of U.S.} where adequate public or private transportation is not available; printing and binding; purchase, maintenance, and cleaning of firearms, including purchase, storage, and maintenance of ammunition; subject to policies established by the Director, expenses of travel in connection with, and expenses incident to attendance at meetings of professional, technical, scientific, and other similar organizations when such attendance would be of benefit in the conduct of the work of the Agency; association and library dues; payment of premiums or costs of surety bonds for officers or employees without regard to the provisions of 61 Stat. 646, 6 U.S.C. 14; payment of claims pursuant to section 403 of the Federal Tort Claims Act of 1946 (60 Stat. 843; 28 U.S.C. 921); acquisition of necessary land and the clearing of such land; construction of buildings and facilities without regard to 36 Stat. 699, 40 U.S.C. 259, 267; repair, rental, operation, and maintenance of buildings, utilities, facilities, and appurtenances.

(2) supplies, equipment, and personal and contractual services otherwise authorized by law and regulations, when approved by the Director.

(b) The sums made available to the Agency may be expended without regard to the provisions of law and regulations relating to the expenditure of Government funds; ^{or} ~~and~~ for objects of a confidential, extraordinary or emergency nature, such expenditures to be accounted for solely on the certificate of the Director and every such certificate shall be deemed a sufficient voucher for the amount therein certified.

SEPARABILITY OF PROVISIONS

SECTION 8. If any provision of this Act, or the application of such provision to any person or circumstances, is held invalid, the remainder of this Act or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

SHORT TITLE

SECTION 9. This Act may be cited as "The Central Intelligence Agency Act of 1949".

MORI/CDF

0-3683

11 March 1963

MEMORANDUM TO THE DIRECTOR

SUBJECT: The Comptroller General's Views on H.R. 2663.

1. Mr. Fisher called on 10 March to discuss the language of Section 10.b. of H.R. 2663 which authorizes the funds available to the Agency to be expended without regard to law, or for objects of a confidential extraordinary nature which would be accounted for solely on the Director's certification.

2. He said several members of the Comptroller's office had raised questions concerning this unlimited availability and he wished to refresh his recollections. I rehearsed the history stating that we had initially proposed outside control, first in the National Security Council, and then in the Bureau of the Budget, and were still of the opinion that such outside control was desirable in principle and practice.

3. I stated that the control by the Bureau of the Budget had been specifically and intentionally eliminated by the Senate last year when they passed our Bill, and that when we were clearing our Bill through the Bureau of the Budget for presentation this year, the question had been raised as to what language would be used in this Section, and it was determined that the language passed by the Senate should be used, if it would not be objectionable to the Comptroller General's Office.

4. I recalled my earlier conversation with Mr. Fisher, in which I explained substantially the same situation, and that he had stated while he could not approve the language for the Comptroller, he did not feel the Comptroller would be forced to object strongly to the submission of such language to Congress. Mr. Fisher agreed that this was a clear statement of his position and said that he was not now changing the position, but wished to refresh his memory on the facts for explanation to the Comptroller's Office. He repeated that if the Comptroller's opinion were asked by the Senate, he would probably be forced to state his basic principle in such matters that no such blanket authority should ever be given. I stated that we would have no grounds on which to object to such a statement, and Mr. Fisher then said he thought it extremely unlikely that their office would be asked for any opinion. I then stated that if the Bill were enacted as passed by the House, that there would be no change in the Agency's policy towards, or use of, unvouchered funds and that it would not, in any way, alter the auditing agreement which had been in force with GAO since CIA's conception. It would rather simplify and assist the audit work by their representative. Mr. Fisher stated that he himself was not much perturbed by the language of the Act, and that he expected no major difficulties to arise.

LS/
LAWRENCE R. BOUSTON
General Counsel

cc: Mr. E. Saunders (Budget)

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Central Intelligence Act of 1949

STAT

[PUBLIC LAW 110—81ST CONGRESS]

[CHAPTER 227—1ST SESSION]

[H. R. 2663]

AN ACT

To provide for the administration of the Central Intelligence Agency, established pursuant to section 102, National Security Act of 1947, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

DEFINITIONS

SECTION 1. That when used in this Act, the term—

- (a) "Agency" means the Central Intelligence Agency;
- (b) "Director" means the Director of Central Intelligence;
- (c) "Government agency" means any executive department, commission, council, independent establishment, corporation wholly or partly owned by the United States which is an instrumentality of the United States, board, bureau, division, service, office, officer, authority, administration, or other establishment, in the executive branch of the Government; and
- (d) "Continental United States" means the States and the District of Columbia.

SEAL OF OFFICE

SEC. 2. The Director of Central Intelligence shall cause a seal of office to be made for the Central Intelligence Agency, of such design as the President shall approve, and judicial notice shall be taken thereof.

PROCUREMENT AUTHORITIES

SEC. 3. (a) In the performance of its functions the Central Intelligence Agency is authorized to exercise the authorities contained in sections 2 (c) (1), (2), (3), (4), (5), (6), (10), (12), (15), (17), and sections 3, 4, 5, 6, and 10 of the Armed Services Procurement Act of 1947 (Public Law 413, Eightieth Congress, second session).

(b) In the exercise of the authorities granted in subsection (a) of this section, the term "Agency head" shall mean the Director, the Deputy Director, or the Executive of the Agency.

(c) The determinations and decisions provided in subsection (a) of this section to be made by the Agency head may be made with respect to individual purchases and contracts or with respect to classes of purchases or contracts, and shall be final. Except as provided in subsection (d) of this section, the Agency head is authorized to delegate his powers provided in this section, including the making of such determinations and decisions, in his discretion and subject to his direction, to any other officer or officers or officials of the Agency.

(d) The power of the Agency head to make the determinations or decisions specified in paragraphs (12) and (15) of section 2 (c) and section 5 (a) of the Armed Services Procurement Act of 1947 shall

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not be delegable. Each determination or decision required by paragraphs (12) and (15) of section 2 (c), by section 4 or by section 5 (a) of the Armed Services Procurement Act of 1947, shall be based upon written findings made by the official making such determinations, which findings shall be final and shall be available within the Agency for a period of at least six years following the date of the determination.

EDUCATION AND TRAINING

SEC. 4. (a) Any officer or employee of the Agency may be assigned or detailed for special instruction, research, or training, at or with domestic or foreign public or private institutions; trade, labor, agricultural, or scientific associations; courses or training programs under the National Military Establishment; or commercial firms.

(b) The Agency shall, under such regulations as the Director may prescribe, pay the tuition and other expenses of officers and employees of the Agency assigned or detailed in accordance with provisions of subsection (a) of this section, in addition to the pay and allowances to which such officers and employees may be otherwise entitled.

TRAVEL, ALLOWANCES, AND RELATED EXPENSES

SEC. 5. (a) Under such regulations as the Director may prescribe, the Agency, with respect to its officers and employees assigned to permanent-duty stations outside the continental United States, its territories, and possessions, shall—

(1) (A) pay the travel expenses of officers and employees of the Agency including expenses incurred while traveling pursuant to orders issued by the Director in accordance with the provision of section 5 (a) (3) with regard to the granting of home leave;

(B) pay the travel expenses of members of the family of an officer or employee of the Agency when proceeding to or returning from his post of duty; accompanying him on authorized home leave; or otherwise traveling in accordance with authority granted pursuant to the terms of this or any other Act;

(C) pay the cost of transporting the furniture and household and personal effects of an officer or employee of the Agency to his successive posts of duty and, on the termination of his services, to his residence at time of appointment or to a point not more distant, or, upon retirement, to the place where he will reside;

(D) pay the cost of storing the furniture and household and personal effects of an officer or employee of the Agency who is absent under orders from his usual post of duty, or who is assigned to a post to which, because of emergency conditions, he cannot take or at which he is unable to use, his furniture and household and personal effects;

(E) pay the cost of storing the furniture and household and personal effects of an officer or employee of the Agency on first arrival at a post for a period not in excess of three months after such first arrival at such post or until the establishment of residence quarters, whichever shall be shorter;

(F) pay the travel expenses and transportation costs incident to the removal of the members of the family of an officer or employee of the Agency and his furniture and household and per-

sonal effects, including automobiles, from a post at which, because of the prevalence of disturbed conditions, there is imminent danger to life and property, and the return of such persons, furniture, and effects to such post upon the cessation of such conditions; or to such other post as may in the meantime have become the post to which such officer or employee has been assigned.

(2) Charge expenses in connection with travel of personnel, their dependents, and transportation of their household goods and personal effects, involving a change of permanent station, to the appropriation for the fiscal year current when any part of either the travel or transportation pertaining to the transfer begins pursuant to previously issued travel and transfer orders, notwithstanding the fact that such travel or transportation may not all be effected during such fiscal year, or the travel and transfer orders may have been issued during the prior fiscal year.

(3) (A) Order to the United States or its Territories and possessions on leave provided for in 5 U. S. C. 30, 30a, 30b, or as such sections may hereafter be amended, every officer and employee of the agency who was a resident of the United States or its Territories and possessions at time of employment, upon completion of two years' continuous service abroad, or as soon as possible thereafter: *Provided*, That such officer or employee has accrued to his credit at the time of such order, annual leave sufficient to carry him in a pay status while in the United States for at least a thirty-day period.

(B) While in the continental United States on leave, the service of any officer or employee shall not be available for work or duties except in the agency or for training or for reorientation for work; and the time of such work or duty shall not be counted as leave.

(C) Where an officer or employee on leave returns to the United States or its Territories and possessions, leave of absence granted shall be exclusive of the time actually and necessarily occupied in going to and from the United States or its Territories and possessions, and such time as may be necessarily occupied in awaiting transportation.

(4) Notwithstanding the provisions of any other law, transport for or on behalf of an officer or employee of the Agency, a privately owned automobile in any case where it shall be determined that water, rail, or air transportation of the automobile is necessary or expedient for any part or of all the distance between points of origin and destination, and pay the costs of such transportation.

(5) (A) In the event of illness or injury requiring the hospitalization of an officer or full time employee of the Agency, not the result of vicious habits, intemperance, or misconduct on his part, incurred while on assignment abroad, in a locality where there does not exist a suitable hospital or clinic, pay the travel expenses of such officer or employee by whatever means he shall deem appropriate and without regard to the Standardized Government Travel Regulations and section 10 of the Act of March 3, 1933 (47 Stat. 1516; 5 U. S. C. 73b), to the nearest locality where a suitable hospital or clinic exists and on his recovery pay

[Pub. Law 110.]

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for the travel expenses of his return to his post of duty. If the officer or employee is too ill to travel unattended, the Director may also pay the travel expenses of an attendant;

(B) Establish a first-aid station and provide for the services of a nurse at a post at which, in his opinion, sufficient personnel is employed to warrant such a station: *Provided*, That, in his opinion, it is not feasible to utilize an existing facility;

(C) In the event of illness or injury requiring hospitalization of an officer or full time employee of the Agency, not the result of vicious habits, intemperance, or misconduct on his part, incurred in the line of duty while such person is assigned abroad, pay for the cost of the treatment of such illness or injury at a suitable hospital or clinic;

(D) Provide for the periodic physical examination of officers and employees of the Agency and for the cost of administering inoculations or vaccinations to such officers or employees.

(6) Pay the costs of preparing and transporting the remains of an officer or employee of the Agency or a member of his family who may die while in travel status or abroad, to his home or official station, or to such other place as the Director may determine to be the appropriate place of interment, provided that in no case shall the expense payable be greater than the amount which would have been payable had the destination been the home or official station.

(7) Pay the costs of travel of new appointees and their dependents, and the transportation of their household goods and personal effects, from places of actual residence in foreign countries at time of appointment to places of employment and return to their actual residences at the time of appointment or a point not more distant: *Provided*, That such appointees agree in writing to remain with the United States Government for a period of not less than twelve months from the time of appointment.

Violation of such agreement for personal convenience of an employee or because of separation for misconduct will bar such return payments and, if determined by the Director or his designee to be in the best interests of the United States, any money expended by the United States on account of such travel and transportation shall be considered as a debt due by the individual concerned to the United States.

(b) In accordance with such regulations as the President may prescribe and notwithstanding the provisions of section 1765 of the Revised Statutes (5 U. S. C. 70), the Director is authorized to grant to any officer or employee of the Agency allowances in accordance with the provisions of section 901 (1) and 901 (2) of the Foreign Service Act of 1946.

GENERAL AUTHORITIES *Sec. 6 amended by PL. 53 82nd Congress*

SEC. 6. In the performance of its functions, the Central Intelligence Agency is authorized to—

(a) Transfer to and receive from other Government agencies such sums as may be approved by the Bureau of the Budget, for the performance of any of the functions or activities authorized under sections 102 and 303 of the National Security Act of 1947 (Public Law 253, Eightieth Congress), and any other Government agency is authorized

to transfer to or receive from the Agency such sums without regard to any provisions of law limiting or prohibiting transfers between appropriations. Sums transferred to the Agency in accordance with this paragraph may be expended for the purposes and under the authority of this Act without regard to limitations of appropriations from which transferred;

(b) Exchange funds without regard to section 3651 Revised Statutes (31 U. S. C. 543);

(c) Reimburse other Government agencies for services of personnel assigned to the Agency, and such other Government agencies are hereby authorized, without regard to provisions of law to the contrary, so to assign or detail any officer or employee for duty with the Agency;

(d) Authorize couriers and guards designated by the Director to carry firearms when engaged in transportation of confidential documents and materials affecting the national defense and security;

(e) Make alterations, improvements, and repairs on premises rented by the Agency, and pay rent therefor without regard to limitations on expenditures contained in the Act of June 30, 1932, as amended: *Provided*, That in each case the Director shall certify that exception from such limitations is necessary to the successful performance of the Agency's functions or to the security of its activities.

* 40 USC
278a

* 40 USC
278a

See P.
L. 53-82
Congress

SEC. 7. In the interests of the security of the foreign intelligence activities of the United States and in order further to implement the proviso of section 102 (d) (3) of the National Security Act of 1947 (Public Law 253, Eightieth Congress, first session) that the Director of Central Intelligence shall be responsible for protecting intelligence sources and methods from unauthorized disclosure, the Agency shall be exempted from the provisions of sections 1 and 2, chapter 795 of the Act of August 28, 1935 (49 Stat. 956, 957; 5 U. S. C. 654), and the provisions of any other law which require the publication or disclosure of the organization, functions, names, official titles, salaries, or numbers of personnel employed by the Agency: *Provided*, That in furtherance of this section, the Director of the Bureau of the Budget shall make no reports to the Congress in connection with the Agency under section 607, title VI, chapter 212 of the Act of June 30, 1945, as amended (5 U. S. C. 947 (b)).

SEC. 8. Whenever the Director, the Attorney General, and the Commissioner of Immigration shall determine that the entry of a particular alien into the United States for permanent residence is in the interest of national security or essential to the furtherance of the national intelligence mission, such alien and his immediate family shall be given entry into the United States for permanent residence without regard to their inadmissibility under the immigration or any other laws and regulations, or to the failure to comply with such laws and regulations pertaining to admissibility: *Provided*, That the number of aliens and members of their immediate families entering the United States under the authority of this section shall in no case exceed one hundred persons in any one fiscal year.

SEC. 9. The Director is authorized to establish and fix the compensation for not more than three positions in the professional and scientific field, within the Agency, each such position being established to effectuate those scientific intelligence functions relating to national security, which require the services of specially qualified scientific or profes-

Sec. 9 Repealed by P.L. 763

* Economy Act of 30 June 1932 83rd Congress - See Sec. 601 f

[Pub. Law 110.]

*13,110 6 amended by P.L. 697 S/S Congress
approved 8-16-1955*
sional personnel: *Provided*, That the rates of compensation for positions established pursuant to the provisions of this section shall not be less than \$10,000 per annum nor more than \$15,000 per annum, and shall be subject to the approval of the Civil Service Commission.

APPROPRIATIONS

SEC. 10. (a) Notwithstanding any other provisions of law, sums made available to the Agency by appropriation or otherwise may be expended for purposes necessary to carry out its functions, including—

(1) personal services, including personal services without regard to limitations on types of persons to be employed, and rent at the seat of government and elsewhere; health-service program as authorized by law (5 U. S. C. 150); rental of news-reporting services; purchase or rental and operation of photographic, reproduction, cryptographic, duplication and printing machines, equipment and devices, and radio-receiving and radio-sending equipment and devices, including telegraph and teletype equipment; purchase, maintenance, operation, repair, and hire of passenger motor vehicles, and aircraft, and vessels of all kinds; subject to policies established by the Director, transportation of officers and employees of the Agency in Government-owned automotive equipment between their domiciles and places of employment, where such personnel are engaged in work which makes such transportation necessary, and transportation in such equipment, to and from school, of children of Agency personnel who have quarters for themselves and their families at isolated stations outside the continental United States where adequate public or private transportation is not available; printing and binding; purchase, maintenance, and cleaning of firearms, including purchase, storage, and maintenance of ammunition; subject to policies established by the Director, expenses of travel in connection with, and expenses incident to attendance at meetings of professional, technical, scientific, and other similar organizations when such attendance would be a benefit in the conduct of the work of the Agency; association and library dues; payment of premiums or costs of surety bonds for officers or employees without regard to the provisions of 61 Stat. 646; 6 U. S. C. 14; payment of claims pursuant to 28 U. S. C.; acquisition of necessary land and the clearing of such land; construction of buildings and facilities without regard to 36 Stat. 699; 40 U. S. C. 259, 267; repair, rental, operation, and maintenance of buildings, utilities, facilities, and appurtenances; and

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(2) supplies, equipment, and personnel and contractual services otherwise authorized by law and regulations, when approved by the Director.

(b) The sums made available to the Agency may be expended without regard to the provisions of law and regulations relating to the expenditure of Government funds; and for objects of a confidential, extraordinary, or emergency nature, such expenditures to be accounted for solely on the certificate of the Director and every such certificate shall be deemed a sufficient voucher for the amount therein certified.

SEPARABILITY OF PROVISIONS

SEC. 11. If any provision of this Act, or the application of such provision to any person or circumstances, is held invalid, the remainder of this Act or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

SHORT TITLE

SEC. 12. This Act may be cited as the "Central Intelligence Agency Act of 1949".

Approved June 20, 1949.